

FINANCIAL TIMES

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***30p

A capital builder.

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Operating the fee system of building.

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Chelsea blooms again P.9

U.S. AIRLINES
What happened to Braniff P.14
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Robert Graves:
The poet's long life P.10

Football
The season's winners and losers P.13

NEWS SUMMARY

GENERAL

Israeli troops mass on border

Israel has confirmed its troops are massed along the border with Lebanon.

The army chief of staff denied major operations against the PLO were about to start. Reports from Beirut say that Israel has moved up two divisions.

This follows Palestinian shelling of northern Israel, in retaliation for Israeli air raids on PLO camps. Page 2

Hospital claim

Striking health workers at a Mersey-side hospital have not adhered to union guidelines on protecting patient care, according to health service managers. Page 4

Pope charge

Rebel priest Juan Fernandez Krohn has been charged in Lisbon with attempting to murder the Pope. He will face trial within six months.

Price-cut move

Tesco plans to shut all its food supermarkets on Monday in preparation for a price-cutting campaign starting on Tuesday. Page 4

Solidarity 'loses'

Poland's authorities claimed victory over Solidarity after scattered demonstrations and strikes marking the start of the sixth month of martial law.

Bomb kills two

Bodies of two suspected Basque separatists were found in Navarre province, after a bomb went off in their car.

Helicopter hit

South Africa said its airforce destroyed a Soviet helicopter which had been supplying Swapo guerrillas in Angola.

Hinckley plans

John Hinckley, accused of trying to murder President Reagan, considered killing Senator Edward Kennedy and Yale University students, a psychiatrist said at his trial.

Tourist surplus

Britain had a provisional £55m surplus on its tourist account in January and February, the Trade Department said. In the period there were 1.31m overseas visitors. Page 3

Feather brained

A Hong Kong court heard that a man who tried to blow up oil installations demanded a \$40,000 ransom to be delivered by carrier pigeons.

Briefly...

Japan is to build a prototype fast breeder nuclear reactor. Page 2

Red Adair shut off a gas well blowout in East Kalimantan, Indonesia.

A Soviet warship was reported to be ablaze in the Baltic.

LP record sales are down by a third on 1975 levels, owing to home-taped cassettes. Page 4

Coca-Cola is negotiating to start sales and production in the Soviet Union.

BUSINESS

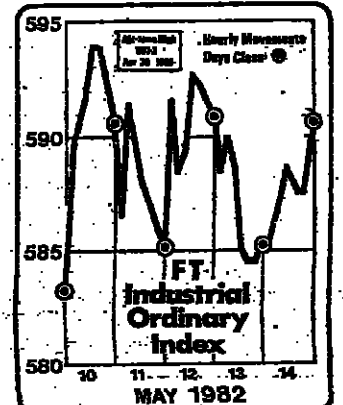
Gold up \$6.6 in NY; £ steady

STERLING gained 10 points on the day in London to close at \$1.825. It rose to DM 4.21 (DM 4.18), SwFr 3.55 (SwFr 3.5375) and FFr 11 (FFr 10.925). Its trade-weighted index was unchanged at 90.4. Page 21

DOLLAR rose to DM 2.306 (DM 2.295) and SwFr 1.944 (SwFr 1.938), but slipped to ¥235 (¥235.35). Its trade-weighted index rose to 112.5 (112.4). Page 21

GOLD rose \$3 to \$335.125 in London. In New York the Comex May close was \$338.3 (\$331.6). Page 21

EQUITIES: the FT 30-share index rose 5.4 to 590.6, a gain



of 5.6 on the Account and only slightly below Wednesday's 1982 peak of 590.9. Page 22

GILTS: trading was subdued on fading hopes of lower U.S. interest rates and a further tightening of UK short-term money rates. The Government Securities Index closed 0.06 lower at 69.15. Page 22

WALL STREET was unchanged at \$89.11 near the close. Page 18

U.S. ECONOMY continued to decline last month but inflation is increasing at a negligible rate according to government statistics. Back Page

BRITISH COMPANIES which suffer losses because of firm orders with Argentina are cancelled may be able to claim compensation from the Export Credit Guarantees Department if they are appropriately insured, said Trade Minister Peter Rees in the Commons.

CHANCELLOR of the Exchequer, Sir Geoffrey Howe, said uncertainty about future oil prices was hindering North Sea development, rather than high taxes. Back Page

PUBLIC SECTOR is taking a more prominent role than expected in developing enterprise zones says a report commissioned by the Environment Department. Page 3

TRAFALGAR HOUSE'S takeover of Redpath Dorman Long, British Steel's former heavy engineering subsidiary, will not be referred to the Monopolies and Mergers Commission. Page 4

JETSAVE, the transatlantic subsidiary of Associated Communications, is to be offered for sale at £3.5m. Back Page

GRAND METROPOLITAN's pre-tax profits increased in the half year to March 31 to £74.5m (£68m). Page 16, Lex, Back Page

Nott pledges 'we shall not sell out the Falkland Islanders'

BY MARGARET VAN HATTEN AND MARK MEREDITH

MRS MARGARET THATCHER, the Prime Minister, and Mr John Nott, the Defence Secretary, yesterday underlined Britain's readiness to use further force to achieve its objectives in the Falklands crisis.

Addressing the Scottish Tory Party Conference in Perth, both assured a warmly approving audience that there could be no question of a peaceful sell-out. Mr Nott, in a speech calculated to reassure the party's increasingly restive Right wing, said British forces would "go all that is necessary to accomplish their mission and protect themselves from attack."

"We shall not sell out the Falkland Islanders nor shall we renege on the principles which led Parliament and the people to will the despatch of the Task Force."

"We will do everything we reasonably can to secure a peaceful solution but at the end of the day we are resolved, if we have to, to use force if that is the only way to achieve our objectives."

Mrs Thatcher later underlined Mr Nott's message, insisting that the Government totally rejected a sell out. "I

San Javier Perez de Cuellar, UN Secretary General, said yesterday that "these next days will be decisive." He indicated that he had never intended to conduct endless negotiations with Britain and Argentina. "That is why I hope that today and tomorrow I will have the final answers from the parties," he said.

The Soviet Union, in a statement to the British Ambassador in Moscow, said yesterday that it regarded Britain's military action over the Falkland Islands as unlawful.

should not be doing my duty if I did not warn you in the simplest and clearest terms that, for all our efforts, those of Secretary Haig, and those of the Secretary General of the UN, a negotiated settlement may prove to be unattainable. Then we should have to turn to the only other course left open to us."

Mrs Thatcher said Britain would continue its diplomatic efforts to resolve the dispute,

but insisted any settlement must be one "in which the Argentine leaves the Islands they now occupy unlawfully."

However, she carefully avoided any elaboration of Britain's sticking points in the current negotiation and, in referring to Argentine withdrawal, left open the possibility of a ceasefire and partial British withdrawal before Argentina's withdrawal of its troops from the Falklands was completed.

Moreover, in her references to the Islanders, the Prime Minister insisted on "their right to live their lives their way" and on the need to respect their loyalty and freedom of choice, but she said nothing about the paramountcy of their wishes in resolving the dispute.

Mrs Thatcher's speech in the packed town hall brought the audience to its feet in an ovation which lasted about three minutes with party faithfuls pounding the floor with approval.

Dressed in black Mrs Thatcher had swept past a small band of demonstrators—most

Continued on Back Page

Imminent invasion options studied by Government

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE GOVERNMENT could face its most critical weekend so far in the Falklands crisis as it ponders whether or not to give the order for the naval task force to invade the Falkland Islands.

As Mr John Nott, the Defence Secretary, told Tories in Perth yesterday, Britain's military options ranged from a long blockade of the Falklands to their "early re-possession by force if the diplomatic efforts in the United Nations fail."

No military action, beyond that already being taken to enforce the existing total exclusion zone, around the Falklands will be ordered until the outcome of the UN initiative is known, it was emphasised in Whitehall yesterday.

However, it is understood that Britain's defence chiefs have advised the Government that an early invasion of the Falklands is militarily preferable to a long drawn-out blockade.

There are four principal

military arguments which the defence chiefs are believed to have advanced in favour of an early invasion. This is likely to be in the form of several dispersed landings rather than an all-out attack on the capital Port Stanley.

1—Defence chiefs are now confident that both the elements of the task force—the warships and the assault ships and escorts—are in a position to mount effective action. It is understood that HMS Fearless and HMS Intrepid, the amphibious assault ships, together with the troop-carrying liner Canberra are now in or near Falklands waters. They can therefore join, if they have not already, the main task force.

2—While Mr Nott yesterday said that the Government would not be "hurried" in its military decisions, the Defence Ministry is believed to have calculated

that the 4,000-5,000 marines and paratroopers with the assault force will be in danger of losing their fighting edge if they stay more than a month at sea without action.

3—The deteriorating weather is also a factor. High seas and low cloud make the operation of Sea Harrier fighters and helicopters difficult, and have an effect on men and morale.

4—Defence chiefs would prefer to see an invasion of the islands precisely because of the military problems involved in a long blockade.

It is recognised that no blockade is ever 100 per cent effective, but the last two weeks have thrown up problems which could be debilitating for the British force over the longer term.

It appears, for example, that while the middle of the runway at Port Stanley is cratered, the airport is still in use by light aircraft and possibly also by Argentine Hercules C-130 trans-

Continued on Back Page

Britain presses for deal on EEC budget

BY JOHN WYLES IN BRUSSELS

BRITAIN yesterday declined to step back from the brink of a potentially bitter confrontation next week with its EEC partners. Instead, the Government challenged them to make the concessions needed for a speedy short-term deal cutting Britain's payments to the EEC budget.

This approach, adopted by Mrs Thatcher, the Prime Minister, and her senior ministers yesterday, should have a neutral effect on key discussions in Brussels today among Community officials on whether and for how long to continue the EEC's ban on Argentinian imports.

Although an extension for a week or two looks likely, a wide range of disagreement was evident here yesterday. Involving the Danes, the Irish, the Italians and the Germans. This means that the issue will almost certainly need to be finally settled at a special meeting of EEC foreign ministers, probably in Luxembourg tomorrow afternoon.

It is uncertain whether this meeting would also confront the budget problem. If it does not, or if it tries and fails, then the UK faces a harsh confrontation with its partners.

Mr Peter Walker, the Agriculture Minister, will attempt to maintain Britain's block on a 10.7 per cent farm price rise until its budget demands are settled. The others, however, are expected to make every attempt to side-step the barrier erected by Mr Walker.

The UK Government yesterday left the door open for a late and sneaky budget settlement by indicating that it would reluctantly consider a 12-month arrangement cutting back its contributions to the Community budget if the terms were right.

This approach was offered in a letter from Mr Leo Tindemans, the Belgian president of the EEC Council of Ministers, and M Coston Thorn, president of the European Commission. The British response is to make it clear that the proposed rebate of 3.448m is too small because it would still leave London paying around £500m into the budget this year.

In addition to more money, the Government wants an undertaking from the other nine that they will negotiate later on a satisfactory long-term arrangement.

However, it is clear that London is prepared to sit tight and take the criticisms from its EEC partners if they refuse to move. The Government is ready to negotiate this weekend, but Whitehall wants a formal proposal from the Commission as a basis for the talks and some states that the other member states are ready to negotiate seriously and not on a "take it or leave it" basis.

The nine have been taking a very tough line and most members, led by Germany, are threatening to push through the farm price package whether or not the UK invokes the Luxembourg compromise—the informal understanding requiring unanimity when a member state declared its national interests at stake.

British officials regard this as a bluff and are confident that the package will remain blocked. However, the nine have presented an unusually solid front on both farm prices and the budget problem, and behind-the-scenes co-ordination will undoubtedly give Mr Walker a difficult time on Monday.

The conflict has tended to strengthen some Government's reservations about Argentine sanctions. The Commission is proposing to extend the import ban for another month, but Germany looks likely to insist on only two weeks in order to keep up pressure on the UK to find a peaceful settlement to the Falklands crisis.

The Italians meanwhile are increasingly hostile to the whole policy, but will probably agree to a short-term renewal.

£ in New York

	May 15	Previous
Spot	\$1.8180-8200	\$1.8200-8355
1 month	0.50-0.55 pm	0.50-0.55 pm
3 months	0.75-0.80 pm	0.75-0.80 pm
12 months	2.15-2.25 pm	2.05-2.15 pm

De Beers to close diamond mine

By George Milling-Stanley

A MAJOR source of large, high quality diamonds is to close in the next few months, victim to world-wide economic recession. South Africa's De Beers Consolidated Mines, the major force in the diamond business, has decided the slump in demand makes its planned expansion of the Letseng-la-Tera mine, 10,000 ft up in the mountains of Lesotho, uneconomic.

Letseeng is owned 75 per cent by De Beers and the rest by the Lesotho Government. It has always been a marginal operation.

Its recovery grade of 2.3 carats of diamonds per 100 tonnes of ore is the lowest in the De Beers group. This, almost certainly, made it the world's lowest-grade diamond mine to operate at a profit.

The recession has changed that. Yesterday's joint statement from De Beers and the Lesotho Government disclosed that the mine has run at a loss for some time. The mine's salvation has been that it produces the occasional large and beautiful gem, such as the 801-carat Lesotho Brown, the 11th-biggest diamond discovered.

Since De Beers brought Letseeng to full production in 1977 the mine has produced more than 100 stones in excess of 20 carats, the biggest being 213 carats.

Stones of this calibre have been hardest hit by the recent fall in demand, as Mr Harry Oppenheimer, De Beers' chairman, acknowledged in the group's annual report last month.

The main kimberlite pipe at Letseeng is due to reach its target depth of 140 metres this year. Development of the nearby satellite pipe, however, would have prolonged the mine's life by about four years.

The decision to close the mine prematurely will throw out of work almost 800 people, including about 700 indigenous Basuto, although De Beers said it hoped to absorb as many as possible, in its own operations and in those of Anglo American Corporation, its sister company.

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OVERSEAS NEWS

Israeli troops 'massed along Lebanon border'

BY DAVID LENNON IN TEL AVIV

ISRAELI army Chief of Staff, Gen Rafael Eitan confirmed yesterday that Israeli troops are massed along the Lebanese border. But he tried to cool speculation that they are about to launch a major operation against Palestinian guerrillas. "We have concentrated troops on the northern border and they are on alert, but this does not mean we plan to go and clean the terrorists out of Lebanon," he told the Israeli newspaper, Yediot Aharonot.

The general gave no details of the military build-up. Reports from Beirut have said two Israeli divisions have been moved to the coastal town of Nahariya, just south of the frontier.

The Cabinet appears to be divided on what action to take following Palestinian shelling of north Israel. The shelling, the first since last July's ceasefire in South Lebanon, was in retaliation for Israeli air raids on Palestinian Liberation Organisation (PLO) camps.

According to the Israeli press, hardliners who would like a large-scale campaign to break the PLO's military backbone, have run into strong opposition from some Ministers.

The U.S. has been making strenuous diplomatic efforts to prevent a major conflict. Mr Philip Habib, President Reagan's special envoy who arrived last July's ceasefire, is returning to the region and Mr Ariel Sharon, Israel's Defence Minister, who is one of the Cabinet hawks, has been invited to Washington for talks.

Most of the Israeli press has also been urging restraint. The Jerusalem Post said it appeared that Mr Menachem Begin, the Prime Minister, was not allowing himself to be stampeded into "a war that at least half the Knesset (parliament), half the government, and half the people, would not understand."

Gen. Eitan told Yediot Aharonot, however, that he doubted there would eventually be any alternative to a military confrontation with the guerrillas.

The PLO says the ceasefire only applied to cross-border action. Mr Begin yesterday called this an "absurd interpretation" and reiterated that Israel was insisting on a total halt to guerrilla activity.

Spain's jobless total to rise, says OECD

BY TERRY DODSWORTH IN PARIS

SPAIN'S unemployment is likely to intensify this year despite a growth rate of about 2.5 per cent, the Organisation for Economic Co-operation and Development says in its annual report on the economy.

The unemployment rate, expected to rise to 16 per cent from 15 per cent at the end of last year, could, however, begin to come down next year, says the OECD.

Following this year's expected growth in gross domestic product, and a higher expansion rate of 3.5 per cent forecast for 1983, output should be strong enough to raise the overall level of employment during 1983, but the OECD secretariat expects job cuts to continue until the end of this year.

The report says that the country's economic development in 1981 was disappointing, with slow growth, one of the highest unemployment rates in the OECD area, persistently high inflation and a significant current account deficit.

It adds that the process of correcting imbalances in the economy was carried forward during the year. In particular, it singles out the better control established over wages, and the continued slow down in unit labour costs.

Spain's competitive position had also benefited from the depreciation of the peseta against other currencies, leading to improvements in export, while the problems of imported oil costs had been tackled by more appropriate pricing and conservation measures.

Consumer price increases could fall to 13.25 per cent against 14.6 per cent in 1981. Investment is also expected to rise slightly this year, from 2 per cent to 3.5 per cent.

A slight reduction in relative export prices could lead to a reduction in the trade deficit from \$10bn (\$5.45bn) in 1981 to \$9.5bn this year. At the same time, tourism is expected to remain buoyant with its positive trading balance going up by \$500m to reach \$64bn.

As a result of these better performances in tourism and exports, the current external deficit on the balance of payments is likely to drop to \$32bn from \$6bn.

● Inflation continued its recent downward trend in March in the 24 member states of the OECD, the organisation said today. Consumer prices in the OECD group, which embraces the major non-Communist industrialised countries, rose 8.5 per cent in the year to March, after rising 9.1 per cent in the year to February and 10.8 per cent in the year to March 1981.

Reuter reports from Paris.

Leaked document reveals Ottawa's plans on press

BY VICTOR MACKIE IN OTTAWA

A CANADIAN Cabinet document leaked on Friday, and which appears to be genuine, recommends that the Government take no retroactive action against the country's two major newspaper chains, Southam Inc. and Thomson Newspapers Ltd.

The document, made public in the Commons by Perrin Beatty, a Conservative, indicated the Federal Government has no intention of implementing the most controversial recommendations of the Kent Royal Commission on newspapers.

That Commission, headed by former editor Tom Kent, was set up to study corporate concentration in the newspaper industry in the wake of the 1980 closing of Thomson's Ottawa Journal newspaper and Southam's Winnipeg Tribune.

In the Commons Mr Pierre Trudeau, the Prime Minister, invoked the doctrine of Cabinet secrecy and refused to answer questions.

While it avoids a direct confrontation over newspaper ownership, the Cabinet document calls for increased control of the media through the power already vested in the Canadian Radio-Television and Telecommunications Commission (CRTC) and the Restrictive Trade Practices Commission (RTPC).

In a back-handed compliment he document states the Kent Commission's basic findings were correct. But it dismisses many of its recommendations as either unconstitutional, politically unacceptable or simply wrong-headed.

The document, dated March 31, recommends much softer measures than those suggested by the Commission, including that no owner be allowed in future to control more than 20 per cent of national newspaper circulation, and that no retroactive action be taken against Southam, which controls 28 per cent of the Canadian market, or against Thomson, which now boasts a 21 per cent market share. But their size would be frozen and the papers sold individually if the chains were ever offered for sale.

NZ's current account deficit worsens by 60%

BY DAI HAYWARD IN WELLINGTON

FALLING PRICES for New Zealand wool, higher import costs and a 25 per cent jump in the deficit on the services account contributed to a current account deficit of NZ\$1.14bn (\$500m) for the year ended in March—a worsening by almost 60 per cent of the deficit of NZ\$716m recorded for the previous year.

The increased costs for imports and invisibles more than wiped out the 14 per cent rise in export sales which total NZ\$6.7bn. Import costs at NZ\$6.04bn were up by 19 per cent.

Results for both the month of March and the 1982 March quarter were also adverse. The current account deficit for the three months ended in March was NZ\$256m—NZ\$187m worse than the same quarter in 1981.

The world slump in wool prices was reflected by a drop of NZ\$40m in New Zealand wool receipts this year. They total NZ\$958m.

British Petroleum pulls out of Finland

By Ray Dafer, Energy Editor

BRITISH PETROLEUM is pulling out of Finland. It is selling two less-making Finnish state-owned oil companies, Neste Oy. The deal is estimated to be worth £5m-£6m.

BP said yesterday that it had signed a letter of intent to sell its 100 per cent shareholding in the Finnish companies, BP-Petco and Suomen BP.

The deal forms part of a rationalisation of business interests by BP, whose chairman, Mr Peter Walters, has announced a widespread programme of changes aimed at making the group "leaner and fitter."

The two Finnish companies employ about 220 people. Last year, when they made an undisclosed trading loss, their combined turnover—excluding tax—totalled £160m. This compared with BP's gross revenues worldwide of £31.4bn.

BP began operations in Finland in 1960 but it has never gained a strong marketing foothold. Its interests include 80 petrol stations and its two companies hold total market shares of between four and 10 per cent in the various oil product sectors.

Under the sale arrangements Neste will retain both BP-Petco and Suomen BP as wholly-owned subsidiaries. In addition, Neste will continue to market BP's chemicals and lubricants in Finland.

At the same time, BP will provide services to Neste in support of its aviation fuelling operations and the sale of BP lubricants.

Earlier this month, Mr Walters told shareholders that BP would continue its rationalisation programme which had so far involved the announced closure of several oil refineries representing almost a quarter of the group's European processing capacity and the withdrawal from unprofitable markets.

However painful it may be, we have to look sensibly at the market place and trim our organisation and plant in line with it.

The process would continue, both in the oil business and in the chemical industry.

"Without the rationalisation we will be unable to make the further investment in these businesses we expect will be both necessary and profitable."

Sucre devalued by 24.2% in Ecuador

By Sarita Kendall in Quito

THE ECUADORIAN government yesterday devalued the sucre by 24.2 per cent against the U.S. dollar. The sucre is now officially pegged at 33 to the dollar.

It had stayed at 25 to the dollar since 1970, though the government recently created a multiple exchange system to try to stave off an outright devaluation.

The government—attributing the need for devaluation to export problems, in particular the reduction in earnings from crude oil—promised a package of complementary economic measures. That is to include export incentives, changes in policies on subsidies for imports and prices in the shops, help for agro-industrial projects.

The ban on importing vehicles is expected to stay in force, but there may be a new tax on luxury goods. Another important item is the reduction and rationalisation of public spending.

Though some sectors accepted the devaluation of the sucre as inevitable, others were highly critical. A trades union leader said labour would have to take steps to halt the government's unpopular policies, and threatened a national strike.

However, the package in part reflects demands from the private sector, which is heavily indebted abroad and has been pressing for coherent measures to help exporters and local industry.

Australian unions' national wage claim rejected

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THE AUSTRALIAN Arbitration Commission rejected yesterday the union claim for a national wage rise of A\$25 (£14.88) a week.

The rise would have covered the estimated 1.7m workers who have not received a pay increase since the collapse of national wage indexation in July last year.

The claim, by the Australian Council of Trade Unions, was designed to help workers in the less powerful unions. The ruling is a victory for employers' groups, and the federal Government. Both have argued strongly against an award to enable workers to catch up.

Mr John Elington, a director of Peko-Wallend, a mining group, claimed this week that industrial development in Australia lay in a "miserable shambles at the feet of government over-spending and union greed."

Union leaders attacked the commission's decision as "irresponsible." But Mr Ian MacPhee, the Minister for Employment and Industrial Relations, said it would make an important contribution to wage moderation and an improved industrial climate.

Mr Malcolm Fraser, the Australian Prime Minister, was to leave Canberra tonight for Washington, before visiting Canada and Japan. He will also spend three days in South Korea.

In talks with Mr Reagan, as well as with Mr Pierre Trudeau, the Canadian Prime Minister, and Mr Zenko Suzuki, the Japanese Prime Minister, Mr Fraser will voice concern at what he sees as a reversion to protectionism in international trade.

He said this week he was concerned that the economic summit at Versailles would produce an "anodyne communiqué," rather than a "lead which offers a hope for a resurgence in world trade and production."

Depressed international trade and the slump in commodity prices continue to cause acute problems for the Australian balance of trade.

Australia's current account deficit over the first 10 months of 1981-82 was A\$7.8bn (US\$ 8.09bn), more than twice the figure for the equivalent months of 1980-81. But there was a record capital inflow of A\$2bn (£1.19bn) in April.

FRANCO-BRITISH TALKS THIS WEEKEND

Cheysson sets harsh opening tone

BY DAVID TONGE IN LONDON AND DAVID HOUSEGO IN PARIS

FRANCE'S Foreign Minister, M Claude Cheysson, arrived in London yesterday to set off a long weekend of Franco-British talks which have taken on particular importance as the row over reforming the EEC budget and raising EEC farm prices has come to a head.

M Cheysson set a harsh opening for his visit by regretting that French-British rapprochement had not progressed and accusing Britain of not appreciating the solidarity which the EEC had shown Britain over the Falklands crisis.

In an interview with the BBC he said: "I don't think that often in history one has seen such solidarity as expressed to the British—rightly, rightly, immediately after the Argentine invasions."

But he also said: "Strangely enough, the most impressive part of Community solidarity does not seem to have impressed your people that it has much to do with your presence in the Community."

British Ministers were particularly struck by his remarks as they came just before a weekend when senior officials of the Ten are meeting to discuss extending the EEC's ban on imports from Argentina for another month.

His remarks also came just before agricultural Ministers are to meet again on Monday to tackle again the question of raising EEC farm prices. France has been particularly



M Claude Cheysson (left) and M Pierre Mauroy: a long weekend of discussions



Today, M Pierre Mauroy, the French Prime Minister, is due to fly to Edinburgh to meet Mrs Margaret Thatcher, his British counterpart, at the annual meeting of the Franco-British Council, which is designed to build up the links between the two countries.

They are scheduled to have 30 minutes of talks before a formal dinner.

Then on Monday, M François Mitterrand, the French President, is to fly in for a working lunch with Mrs Thatcher in which he will discuss the Versailles economics summit of seven major Western countries due on June 4-6. M Mauroy, who is spending Sunday privately, is due to attend the talks.

M Mitterrand has left Britain until last in his consultations with the other countries attending the Versailles summit, as the Elysee considers Britain as France's most prickly European partner.

The mood in Paris today contrasts sharply with the President's view on taking office that he wanted close relations with Britain to counterbalance France's traditional close links with West Germany.

U.S. Senate backs nerve gas weapon

By Anatole Kalatsky in Washington

AFTER A marathon debate ending last night, the U.S. Senate approved a \$177.9bn (\$88.3bn) defence budget for 1983, including, most controversially, a provision for \$54m for the production and stockpiling of nerve gas weapons.

The decision on nerve gas production, which was passed with a majority of only four votes, concluded more than 20 hours of heated debate in which the senators took a stand on a number of other highly contentious issues.

These included the future of the MX intercontinental strategic missile programme, the Administration's plans to concentrate naval development on giant nuclear-powered aircraft-carriers and the long-running contest between Boeing and Lockheed for up to \$85bn of work with 50 heavy long-range transport aircraft.

The overall figure for the military budget was \$5.5bn below the Administration's initial request, in line with the agreement reached last week by the White House and the Senate's budget committee.

The only major rebuff for the Administration was in the Senate's decision to opt for the Boeing 747, rather than the projected Lockheed C-5B air transport.

Amendments to stop the MX missile programme and design a new missile with a mobile basing system and to divert naval funds from nuclear carrier construction to cheaper and smaller conventional warships were decisively defeated.

On nerve gas, the Administration's supporters came close to being defeated and accepted amendments which bar chemical weapon production earmarked for use in Europe until there is specific agreement from European Governments on deployment.

The House of Representatives began its consideration of the defence budget yesterday.

Spanish employers' campaign banned

THE Spanish national employers' federation, CEOE, has been banned from campaigning in the elections to the Andalusian Parliament. The ban has been imposed by an electoral watchdog committee following complaints by the Socialist Party, Robert Graham writes from Madrid.

The Federation has been conducting a vigorous campaign with large paid advertisements in the Press and public hearings in the elections due to be held on May 23. The campaign has not identified openly with any party but has been bitterly critical of the socialists and Communists.

Moscow confident deadline for W. Europe gas will be met

BY ANTHONY ROBINSON IN MOSCOW

MR NIKOLAI OSIPOV, the Soviet Deputy Foreign Trade Minister, yesterday confirmed that the Soviet Union is still confident of being able to start supplying western Europe with gas from the West Siberian gas pipeline, now under construction, by the original target date—the end of 1984.

The target date remains officially valid, he said at a press conference, despite the opposition of the Reagan Administration, which has refused export permits both to Caterpillar for pipe-laying machines, and to General Electric for the rotary arms of gas compressors to be manufactured under licence by Italian, French and West German companies.

Recent reports in the Soviet press, however, have indicated that completion of the project to supply 40bn cu metres of gas

from Urengoi deposits in western Siberia to Western Europe could well be delayed by plant and machinery shortages on the Soviet side.

According to the party newspaper Pravda, the principal difficulties are expected in the 140 km section of 4,465 km pipeline, which has to be laid through permafrost. This requires special transport and excavating machinery which at present, the Soviet machine-building industry is unable to supply in quantity.

The final configuration of the Urengoi-western Europe pipeline has now been decided, Mr Osipov added. It will be 4,464 km long and consist of a single pipeline 1.43 metre wide and working at a pressure of 75 atmospheres, ensured by more than 40 pumping stations. The lines will traverse 145 km of

permafrost, about 650 km of bog and marshland, and include a 446 km stretch through the Ural Mountains.

The Siberia-western Europe pipeline, however, is only one of six pipelines to be constructed during the life of the current 1985-1990 five-year plan. Five other pipelines also under construction are to bring natural gas from western Siberia to the western part of the Soviet union and eastern Europe.

Rapid exploitation of West Siberian gas deposits is the main factor behind the planned increase in Soviet natural gas output from 465bn cu metres in 1981 to 600-640bn by 1985. Gas is being sent increasingly not only as a powerful addition to Soviet energy resources but also as a substitute for oil, annual production of which is now stagnant at about 600m tons.

Japan to build fast-breeder

TOKYO — The Japanese Government has approved a plan to build a prototype fast-breeder nuclear reactor (FBR) to cost about ¥400bn (\$222m) at Tsuruga in western Japan, the science and technology agency said.

The proposed reactor, called Monju, will have an output capacity of 285 Mw, the agency said. Construction of the reactor by the semi-government Power Reactor and Nuclear Fuel Development Corporation (PNC), is expected to start this year, provided the design is approved by the government sources said.

An experimental fast-breeder, called Joyo (Eternal Light), has been operating in Ibaraki prefecture, north of here, since 1978.

Charles Smith adds: Construction of the prototype Monju

reactor marks the beginning of the second stage in Japan's development of fast-breeder reactors. The Joyo test reactor had logged 10,000 hours of operation by the end of last year.

PNC plans to build the Monju reactor (named after a Buddhist holy man) have been public for at least seven years. Construction has been frequently postponed.

● Nippon Electric, a leading Japanese manufacturer of telecommunications and electronic computers, has developed a new material which can absorb high-frequency radio waves used in radar and microwave radio communications, the company said yesterday.

The "ferrite radio wave absorber" was developed for use in the private sector, but can be diverted for military purposes, such as to evade radar screening, the company said. It was jointly developed with the Japanese Defence Agency.

The U.S. government has already expressed interest in a similar material being developed by TDK Electronics, another Japanese company. It is interested in material to stop radar detection of its Stealth-bomber, now being developed.

Nippon Electric plans to introduce the product to the market later this year at ¥100,000 (€230) to ¥150,000 (€346) per square metre. Use of the material on buildings, towers and telecommunications facilities will be highly effective for eliminating ghost signals, improvement of transmission quality, and preventing the generation and scattering of unwanted radio waves, the company claimed.

AP-DJ

New Sino-Indian border talks

BY K. K. SHARMA IN NEW DELHI

ANOTHER ATTEMPT is being made to resolve the vexed border dispute between China and India, which has soured relations between the two countries since the Himalayan border war of 1962. A high-powered delegation led by Fu Hao, special envoy of the Chinese Government, arrives in New Delhi today.

The Indian team to the four-day talks next week will be led by Mr Eric Gonsalves, Secretary in the Foreign Ministry, who told reporters yesterday that an "honourable and mutually

acceptable" solution would be sought. He qualified this by adding that he would operate within the mandate given to him and that the Indian position was "not totally flexible."

The dispute is mainly over 14,000 square miles of territory in Aksai Chin. Northern Kashmir, which Chinese troops have "illegally occupied" since 1962, according to the Indians. China also claims the Indian state of Arunachal Pradesh in the North-East although its troops withdrew from it after a cease-fire in 1962.

This will be the second round of talks on the border issue. The first was held six months ago in Peking when the two countries discussed the dispute for the first time in two decades.

China has indicated that it would like to settle the border on the basis of a package deal involving recognition of India of Aksai Chin as part of China in exchange for withdrawal of Peking's claim to Arunachal Pradesh. This package has been declared unacceptable by India and so a settlement will not be easy.

Cuba wins hearts on its Island of Youth

By William Chislett recently in Havana

"THERE ARE no guerrilla camps here or military training. Ideological study is much more important," said Sr Waldo Garrido, the director of the Nicaraguan school on Cuba's Island of Youth. Here, 10,000 students from Africa and Latin America receive a Marxist-Leninist education; Sr Garrido curtly dismissed the claim that the island is a base for exporting revolution.

Cuba's President, Sr Fidel Castro, has long been accused in the West, particularly by the U.S., of training foreign guerrillas. But whatever military training takes place does not appear to occur in the schools.

A much more subtle warfare is being waged among the idyllic island's groves of pines and grapefruit—which were the setting for Robert Louis Stevenson's famous novel "Treasure Island." Young hearts and minds are being won over to the Cuban cause through textbooks, not guns.

Apart from 570 Nicaraguans, there are students from Angola, Mozambique, Ethiopia, the Congo, Guinea Bissau, Sao Tome, Western Sahara—the part of the Sahara where the Polisario Front is fighting against Morocco—and refugees from Namibia and South Africa.

The students, aged between 12 and 20, study for up to six years. Secondary education, with special emphasis on the sciences, is taught by Cuban teachers, but classes in the history, geography and political ideology of each country are given by native teachers. Students are also kept in close contact with their countries through visits from their political leaders when they come to Havana, as well as the latest propaganda from their embassies.

The first school, for Mozambique, was started in 1977 as a central part of the President's policy of "international solidarity" with friendly countries, particularly the emerging African nations. Cuba still has a large military presence in Angola and Ethiopia, maintained at a high cost to the shaky Cuban economy. There are also Cuban engineers, doctors and teachers abroad.

"We are forming a real international community," claimed Sr Eduardo Modiane, the director of the Mozambique school, who said Cuba paid for the schools. A slogan in the school proclaimed "every internationalist is a Communist."

The schools reflect the tremendous importance placed on education in Cuba, which is free, and on the youth in general. One of Sr Castro's latest slogans, "Young people will be the constructors of Communism and the forgers of the new world," greets visitors to the Island of Youth.

Sr Castro and a small band of followers were imprisoned on this island for 18 months after they attacked the Moncada barracks in 1953. They were later granted amnesty and Sr Castro went into exile in Mexico from where he launched his revolution. Their cells are now a museum. Most of those imprisoned with Castro are still the central figures in Cuba today.

The speed with which Cuba is establishing solidarity with other countries is exemplified by the Nicaraguan school. It is the only one from Latin America—a region still dominated by Right-wing military dictatorships. There was a school for the nearby Caribbean island of Jamaica, but it was closed by the conservative Seaga Government after the Socialist leader Mr Michael Manley lost last year's general elections.

The Nicaraguan school was started just six weeks after the Sandinistas' victory over the rule of General Somoza in 1979. Cuba played an important role in helping the Sandinistas.

The school, which overlooks the circular prison, is named after Carlos Fonseca "Che" Sandinista, ideological who was killed 20 years ago. The day starts with the Sandinista hymn, followed by five classes of 45 minutes each before students work in the surrounding countryside. "We want producers as well as consumers," said Sr Garrido.

Pictures of Nicaragua's leaders adorn the school walls, along with posters and slogans.

The schools are undoubtedly winning Cuba a lot of friends among people who will have an important role to play in their countries.

Dutch doubts persist. Queen Beatrix of the Netherlands was last night still considering whom to appoint as mediator between her country's continuing political factions, following Wednesday's break-up of the ruling Centre-Left coalition, Walter Ellis reports from Amsterdam.

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THE FALKLANDS CRISIS

Angry reaction in Buenos Aires to Reagan view

BY JIMMY BURNS IN BUENOS AIRES

RELATIONS BETWEEN Argentina and the U.S. deteriorated further here yesterday as local officials reacted angrily to President Ronald Reagan's judgment on the Falklands crisis in a news conference televised nationwide on Thursday night.

By yesterday afternoon, there were no official reactions from either the Foreign Ministry or the joint chiefs of staff on the President's statements. But privately government officials said that it had left "a very bad impression" on Argentina.

They pointed out what they saw as the contradiction between Mr Reagan's claims that U.S.-Argentine relations had not suffered irreparable damage as a result of the crisis, and his condemnation of Argentine intransigence.

Buenos Aires has always insisted that it is the British Government's lack of flexibility that has stalled a peaceful settlement. The Foreign Ministry believes it has already gone far enough in New York by agreeing not to make its sovereignty claims a pre-condition to the start-up of negotiations with Britain. The modification of a previous insistence on an unqualified recognition of Argentine sovereignty by Britain has already provoked angry reactions in Buenos Aires from the more hawkish members of

the military who fear a "sell-out". Mr Reagan's statements on Thursday night have been interpreted as a reaffirmation of the U.S. alliance with Britain to the detriment of a closer relationship between Washington and Buenos Aires.

The anti-U.S. mood was expressed in a banner headline in yesterday's edition of *Clarín*, which has close links with the navy. Against a black background, the front page referred to Mr Reagan's support for "Mrs Thatcher, the angel of death."

The extent of anti-U.S. feeling is believed to have been fully gauged during a secret two-day visit earlier this week to Buenos Aires by General Vernon "Dick" Walters, one of Mr Haig's closest associates.

According to military officials quoted by the pro-Government newspaper, *La Nación*, yesterday, Gen Walters met President Galtieri and the two other members of the junta.

He had not come to put "pressure on the junta," according to the officials, but to try to ensure continuing Argentine flexibility aimed at a peaceful settlement. The junta is believed to have interpreted Gen Walters' visit as an intentional counterweight to the support given to Britain publicly by the Washington Administration.

The Quai d'Orsay makes mock of the FO mandarins

BY DAVID HOUSEGO IN PARIS

M. CLAUDE CHEYSSON, the French Foreign Minister, is reported to have warned his officials to note British misjudgments in the handling of the Falklands crisis.

In particular, "he has drawn their attention to the 'self-importance' of the old imperial power, the basic instinctive contempt for proposals put forward by Latin ('hasby' foreigners), the technocratic reaction in the

face of uncomfortable information, and the evident desire of the distinguished men of the Foreign Office not to allow the vulgar public, and the no less vulgar politicians, to get mingled with their sophisticated reasoning."

The Foreign Minister's alleged comments were reported yesterday in the weekend magazine section of the newspaper *Figaro*, which published what it claimed to be

a photo-copy of a confidential internal memorandum on the Falklands crisis. The memorandum was itself a comment on an analysis by the head of the American department at the Quai d'Orsay, entitled: "The Falklands: the lessons of a fiasco." The Quai has declined to comment on any leak.

Given Mr Cheysson's record of gaffes, his remarks in a document not intended for

public consumption are less indiscreet than might have been supposed. But they do show the Quai to be sharply critical of the Foreign Office's analysis, and of the British Government's response.

Mr Cheysson says in his note he does not endorse "all the judgments" of M. Bernard Dorin, his senior official. The minister says that the reaction of Mrs Thatcher to the invasion of the Falklands was

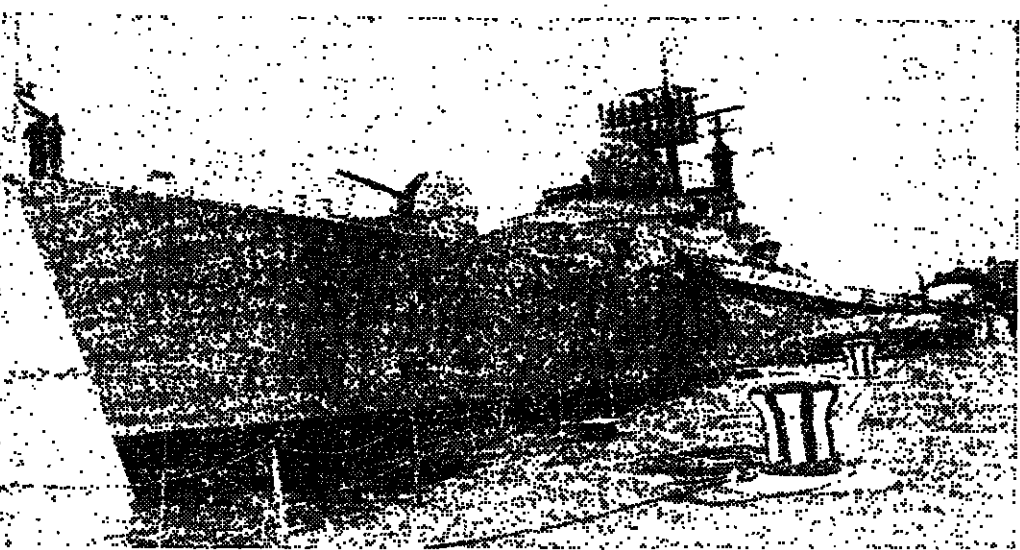
"perhaps exaggerated," but that it was not premature and that the instantaneous response of the EEC and Norway—in circumstances painful for some—Germany and above all Italy—was of considerable value."

The head of the Quai's American department is far more severe in his judgments. He says the British lived mistakenly in the certain

belief that the Argentines "would never attack the greatest power of the last century." He accuses London of spinning out the negotiations with Buenos Aires.

The fleet sent to the Falklands, he describes as "out of proportion to the object of the quarrel."

The analysis is dated April 22 and Mr Cheysson's reply April 27.



A BRITISH warship hit by an Argentine bomb off the Falklands on Wednesday had a miraculous escape, it was learned yesterday. The bomb, launched from a Skyhawk jet fighter, went straight through the vessel horizontally without exploding. The ship, reported on television to be a Type 42 destroyer like HMS Glasgow (pictured above), suffered comparatively minor damage, which has now been largely repaired.

Meanwhile in Washington, the usually well-informed *Aerospace Daily* has reported that a Soviet satellite helped Argentine air-

craft locate and destroy HMS Sheffield earlier this month.

Without naming its sources, it said the information satellite Cosmos 1355 passed directly over the Falklands at about 8.20 am local time on May 4. An Argentine fighter-bomber hit the Sheffield with an Exocet missile less than four hours later, the newsletter said.

It quoted one official as saying the Cosmos "certainly gave a hint" to an Argentine Neptune patrol aircraft which pinpointed the Sheffield and passed its position to the fighter-bomber.—Agencies

Trenchard condemns BBC radio 'inferences' over the Sheffield

BY IVOR OWEN

STATEMENTS MADE in a peak-time BBC radio programme containing "obvious inferences" that HMS Sheffield could have been saved had it been fitted with the Sea Wolf anti-missile system were condemned by Lord Trenchard, Minister of State, Defence Procurement, in the House of Lords yesterday.

Lord Orr-Ewing (Con), a former Admiralty Minister, led this latest attack on the BBC's coverage of the Falklands crisis by protesting that an item in the Today programme broadcast at seven and eight o'clock on the morning of May 11 had been "laced with innuendoes" which showed "disturbance of the Government and mistrust of its missile policy."

Imprecable

Lord Trenchard said he regretted that the inferences had been broadcast "four times over" and that no efforts had been made by the BBC to check the position with the Ministry of Defence.

Nor had the BBC so far broadcast a statement issued by the Ministry following the programme, he added.

Dealing with allegations that the Ministry of Defence could have authorised the fitting of Sea Wolf to HMS Sheffield and other Type 42 destroyers, he stated that this had been considered over 10 years ago and again some five years ago.

Sea Wolf had never been incorporated in the design of Type-42 destroyers because it was found to be impracticable

Death threats to Reuters

REUTERS news agency, whose main Latin American office is in Buenos Aires, is keeping under review its operation in Argentina, following three death threats which were received at the office by telephone on Thursday, writes Hugh O'Shaughnessy.

The office is now principally staffed by non-British personnel. British journalists and executives were evacuated last week. The Reuters office was under sporadic police guard on Thursday and Friday. The Argentine Government has offered police protection to those foreign journalists who seek it.

to fit both the Sea Wolf and Sea Dart systems on the same ship. Lord Trenchard stressed that the Sea Wolf system was deployed with the task force in Type-22 frigates.

Replying to a further question from Lord Orr-Ewing, the Minister said it had so far been judged that it would remain impracticable to fit Sea Wolf with the new light-weight tracker radar, in Type-42 destroyers in addition to Sea Dart.

It was also true, he said, that had light-weight tracker radar

been ordered the day when the Royal Navy decided that it met its specifications, it would still not have been in service for several years yet.

Lord Trenchard acknowledged the difficulties in obtaining news from the journalists with the task force.

But he insisted that there should be a degree of cross-checking and responsible thought by the media before allegations like those contained in the Today programme were broadcast.

'Deeply worried'

He said the BBC chairman was deeply interested—"I suggest deeply worried—about the criticism which has been made of the BBC coverage."

Lord Jenkins (Labour) maintained that it was undesirable that Parliamentary immunity should be used to intimidate broadcasters with the result that Mr Robert Kee, presenter of the controversial Panorama programme shown on BBC television last Monday, had felt it necessary to "recant" and so let down his colleagues.

He suggested that Britain needed to be careful that it did not move into the sort of society which it was now opposing in Argentina.

In indignant terms, Lord Hailsham, the Lord Chancellor, recalled that Lord Jenkins had recently accused the Government of "murder."

"I think he should be very glad of the Parliamentary immunity and tolerance which is extended to him," he said.

Finance houses go out of business in Argentina

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

AMID insistent reports that a score or more of Argentine finance houses are in serious difficulties, the Argentine Central Bank put one deposit-taker into liquidation and appointed a manager to another on Thursday.

The Co-operativa de Crédito Río de la Plata has been compulsorily wound-up, and Tránsito has been effectively taken over by the authorities. Both companies are based in Buenos Aires.

About 14 financial institu-

tions have gone out of business or have been taken over by the State in the past few days. Press reports differ over the exact number.

The principal cause of difficulties has been competition among banks and deposit-takers for funds and a consequent interest rate war, combined with borrowers' repayment difficulties. Proponents of the Government said that the system of giving Central Bank guarantees to depositors, which is slowly being dismantled has led

imprudent financiers to make reckless loans.

The Government announced on Thursday that it has suspended "for the moment" the de-nationalisation plans which had been one of the main policy objectives of Dr Roberto Alemann, the Economy Minister.

In his first message to the country after assuming the Presidency in December, Gen Leopoldo Galtieri announced that a de-nationalisation plan would be put forward within 120 days. The Government has been

trying to reduce what it considers an excessively large public sector and to block the drain on public resources caused by loss-making public companies.

Also, the Government has increased taxes on cigarettes from 70 to 75 per cent, on cigars and tobacco from 16 to 20 per cent, on whisky from 37 to 45 per cent, and on other spirits from 24 to 30 per cent.

Meanwhile, it appears increasingly likely that the authorities will announce ways to try to avoid an impending suspension—as a result of the British

task force's exclusion zones of insurance cover on merchant vessels calling at Argentine ports.

The authorities are studying ways to allow the Argentine State to extend cover to merchant vessels and thus avoid the risk of maritime foreign trade being totally suspended by the end of this month. Lloyds of London has announced it will then review marine policies for ships in Argentine waters.

UK NEWS

BCal given go-ahead for Gatwick to Geneva run

By James McDonald

THE Civil Aviation Authority has granted British Caledonian Airways a 10-year licence, with immediate effect, to operate scheduled services between Gatwick Airport-London, and Geneva.

The authority said yesterday the service will be a valuable addition to Gatwick's international route network, in line with its policy of encouraging the airport's development.

It believed there was a "reasonable prospect" that the service would cover BCal's direct operating costs in the first year and subsequently become fully profitable.

The authority accepts that the service will divert some business from British Airways' corresponding Heathrow flight. "But this has to be balanced against the gains to consumers and to Gatwick Airport."

British Airways yesterday officially began its "economical" service for the Scottish Highlands and Islands. Staff serving the 11 routes have been cut by 422 to 184.

Mr Roy Watts, BA group managing director, said in the operation at least cover its costs. The service is expected to have made a £4.5m loss in the year ending in March, but a small profit is hoped for by next March.

Scunthorpe EEC aid plea

THE EXCLUSION of Scunthorpe from an £18.5m Common Market aid package for steel closure areas has been attacked by Mr Michael Brown, Conservative MP for Brigg and Scunthorpe.

He pointed out that male unemployment in the area was nearly 30 per cent and that the steel industry had shed 10,000 jobs in the past five years. The aid package will be used to retrain redundant steel workers and improve services.

Mr Brown said he would urge Mr Norman Lamont, Industry Minister, to put pressure on the European Coal and Steel Community to make funds available to the area.

He said the decision to exclude Scunthorpe had been made by the coal and steel community on the basis of two-year-old figures.

Falklands gives Scots Tories heart

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE Falklands crisis pushed economic issues well into the background at the Scottish Conservative Party conference in Perth yesterday. Mrs Thatcher won wide praise for her handling of the crisis.

Mr Michael Ancram, MP, the chairman of the Scottish party, told delegates that the worst was over for the Tories in Scotland. He said the Falklands had brought the nation together in a way he had not seen before. "It has created unity of purpose, which has made many things possible."

Courage

Mr Bill Walker, MP, praised the courage and resolve of Mrs Thatcher and another delegate, Mr Michael Hurst, called her a woman of immense courage not prepared to compromise her principles.

"She has been on the lonely spot of having to be involved in decisions that affect human lives," Mr Hurst said. It was "difficult to fault" the Government's handling of the Falklands crisis.

A brief debate on the economy maintained the optimistic mood of the conference. One delegate, Mr Murray Tosh, predicted that Britain was on the way to becoming the Japan of Western Europe. The Government's economic policies were given full backing by the conference.

Sir Geoffrey Howe, the Chancellor, said the Government would be the first in 30 years to achieve a lower inflation rate than its predecessors. "Only the Japanese have been doing better and they will soon have to look to their laurels."

Sir Geoffrey was given a

standing ovation after he told delegates: "We are determined, as we always have been, to keep right on to the end of the road. People do not expect us to work miracles, but they do expect us to stick to our guns."

He said the Government did not underestimate the effect of unemployment (380,000 in Scotland) on people's lives. "Is there anybody who doubts that the only way to cure unemployment is to have competitive and profitable industries, backed by a competitively priced productive workforce producing products which people wish to buy?" Sir Geoffrey asked.

In his review of the party's standing, Mr Ancram noted that the Tories had faced up to a madir in public opinion over the past year. "By the New Year, imperceptibly and slowly, things

began to change; tiny signs that the medicine was beginning to take, that the recession was beginning to lift," he said.

Satisfaction

There was quiet satisfaction about the regional elections last week, the Conservatives took control of Lothian region from Labour. But Mr Ancram warned that the Social Democrats in Scotland were dangerous. "Not for what they are but for what they might accidentally achieve."

Mr Gerry Malone, Conservative opponent to Mr Roy Jenkins in the Hillhead by-election, described the Social Democrat politician as the "silent statesman." Another speaker asked whether Mr Jenkins had been struck dumb since his election in March.

Foreign travel account shows surplus

BY JAMES McDONALD

THERE WAS a surplus of £55m on Britain's travel account for the first two months of this year, according to Department of Trade estimates published yesterday.

A total of 1.34m overseas visitors came to the UK in January and February—8 per cent more than in the same period of 1981—and they spent £245m, 13 per cent more than a year before. The 1.77m visits abroad by UK residents were 7 per cent higher, but they spent only £290m—3 per cent more than in January and February of 1981.

All of the £55m surplus on the travel account during the two-month period, however, took place in January. In February, the £140m spent abroad by UK residents equalled that spent in Britain by overseas visitors.

The number of foreign visitors to the UK from Western European countries outside the EEC during January and February was 13 per cent higher than a year before. There were 11 per cent more visitors from North America. Visitors from EEC countries increased by 9 per cent, while there was little change in the number of visitors

from the rest of the world. There was a 27 per cent increase, compared with a year before, in the number of UK residents going to Western European countries outside the Community but visits to North America were down by 5 per cent.

Last year, for the first time, there was a deficit of £286m on Britain's travel account, compared with surpluses of £223m in 1980 and £588m in 1979. Towards the end of 1981, however, the monthly travel account had a surplus of £30m in November and of £49m in December.

Backers raise £2m for film

A FILM called *The Pike*, to be produced on Lake Windermere this summer, is being backed by £2m raised mainly from British sources. It is about a man-eating pike and will be made by a new Manchester company, City Major. The film was set up by Mr Cliff Twemlow, who has written the screenplay and the book with the help of local businessmen.

A £250,000 electronic pike, 12 ft long with 700 teeth, has been made for the film by Ulverthorpe of Ulverston. It received its Press debut on the lake.

Thames Shiprepair close to £16m Moroccan order

BY ANDREW FISHER, SHIPPING CORRESPONDENT

A SMALL London company set up in the defunct Royal Dock three months ago hopes to win a £16.5m order to build deep-sea trawlers for Morocco.

Mr Iain Cochran, general manager of Thames Shiprepair Services, said letters of accord had been signed with two private shipping companies in Morocco for 11 vessels worth £1.5m each.

Another two companies have been negotiating for seven more trawlers. The 350-ton trawlers will be for Atlantic fishing and capable of staying at sea for 60 days.

Thames Shiprepair has competed with Spanish, Dutch and French rivals for the order. Mr Cochran hoped this would be signed in about a week.

He said an attraction for the Moroccans in having the trawlers built in the UK was the

design, on which the semi-government Seafish Industry Authority acted as consultant.

Thames Shiprepair will double its workforce of 40 men to meet the order, he said. The first ship could be built in a year, with the others following at intervals of several months.

The company has been negotiating with the Export Credit Guarantee Department over insurance cover. This remains to be agreed. The Moroccans, which he declined to name at this stage, accepted the financing terms offered by UK institutions.

Mr Cochran set up Thames Shiprepair in February with £10,000 of his own money and a £60,000 loan from the Government under its scheme to help small companies. He said the volume of repair business since then had met initial expectations.

Sea Princess ship-shape for maiden voyage

BY ANDREW FISHER, SHIPPING CORRESPONDENT

SEA PRINCESS, the luxury P & O cruise ship brought from Australia to the European market, was due to sail last night on her UK maiden cruise.

After a £2m refit in Southampton, with work continuing until yesterday, the 28,000-ton ship is on a two-week cruise to Athens, Greece, Egypt and Turkey.

Work on the Sea Princess was disrupted by the rapid fitting out of the Canberra, P & O's cruise flagship, and Cunard's

QE2 to carry troops to the Falklands.

Built by John Brown of Clydebank in 1966 the Sea Princess was originally the *Kingsholm*, owned by Swedish America Line. P & O acquired it in 1978.

The ship, leased by P & O from Finance for Shipping (part of Finance for Industry), carries 750 passengers. She is fully-booked for the first cruise. Next year she will go on a 90-day world cruise.

Public sector 'taking leading role in enterprise zone development'

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

THE public sector is taking a much more prominent role in the development of the country's enterprise zones than has been expected. This is one of the main conclusions of the first report into the working of the zones, commissioned by the Department of the Environment and Partners.

The report also found that the package of incentives to move into the zones offered to companies was larger than that originally offered by the Government and varied between zones.

Other conclusions are that the

enterprise zone measures are most likely to be effective for concerns previously held back by a shortage of land rather than by deficient demand, and that the measures operate primarily through the property market, giving existing owners of land within the zones a key role in development.

Enterprise zones were launched by Sir Geoffrey Howe in his 1980 Budget as an experiment to see if small designated areas in which planning and other restrictions were kept to an absolute minimum could create rapid business development.

As an inducement, the Government offered any company within a zone a 10-year rates-free holiday, abolished development land tax and gave 100 per cent allowances on new buildings.

Eleven areas were eventually designated. However, the report only covers nine of them because the Belfast zone is considered to be a special case and the one in London's Isle of Dogs has only just begun to operate.

Roger Tym is monitoring the experiment and the present conclusions are the result of a study of the scheme's first year. Further reports will be published

on years two and three, with the report on year two being available in the autumn.

The present report is based on a sample 50 industrial and commercial concerns, which were already in the zones before they were so designated, and a further 50 in surrounding areas.

One finding which must cause some concern to the Government is that while there is a high level of awareness of the zones it appears most businessmen are unaware of the benefits offered within them. But a quarter of the sample companies operating outside the zones expressed an interest in moving in.

There is, however, no information yet on the main criticism directed at the zones—that they merely attract companies already sited nearby rather than create new industry.

The public sector's major role arises from the large amounts of land which public bodies hold. It was found that 69 per cent of the land was in public hands and only 27 per cent held by private companies.

About a quarter of the land space was ready for immediate development once the zones were brought into operation.

It was found that the zone's environmental state was

"generally poor" and that in many of them "almost any development would be an improvement."

The difference in incentives between the zones, which the Government did not originally envisage, arises from the difference in resources which each local authority is putting in.

—M/C No. 40 3/81 TKH—Consequently, it is unlikely that any single measure or incentive will be the prime stimulant of development.

Report from Roger Tym and Partners, 26, Craven St. London WC2. Price £30 plus VAT and postage.

Mr Goodman's defence that he was liable only in respect of the Cassel Arenz advances and not those from First National failed also. The judge said the stark fact was that document Mr Goodman signed contained no such limitations.

First National was entitled to judgment for £338,165, with interest said to amount to £139,000. The judge suspended the operation of his order to give Mr Goodman an opportunity to appeal.

UK NEWS

Tesco to launch price offensive

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE TESCO supermarket chain is to shut its 450 High Street food stores on Monday to prepare for a major price-cutting campaign which will be launched the following day. This dramatic move is virtually a repeat of its successful "Operation Checkout" strategy in June 1977 which led to a fierce price war in Britain's High Streets.

Tesco's move is in response to the growth in market share by J. Sainsbury over the past year. Retail analysts were last night concerned that the Tesco attack would lead to a new price war among supermarket chains—with a harmful effect on profits—although there was a feeling in some quarters that response might be limited.

The decision to close for trading on Monday was taken to give staff time to re-price several hundred lines of stock. The company is also to launch a massive advertising campaign

on Monday. Tesco has played the showmanship game since the late Sir Jack Cohen first developed his "pile it high, sell it cheap" philosophy from his barrow in London's East End. The supermarket chain has taken determined stands—against resale price maintenance, for example—which have ensured that it has remained constantly in the public eye.

The policy has paid off and has made Tesco the largest single UK grocery retailer in terms of turnover, and, until recently, the overall leader in market share.

Over the past year, however, Tesco's paramount position in the High Street has been usurped by J. Sainsbury whose sales and profits growth in the past three years have made it the most successful retailer of the early 1980s.

Tesco's attempt to recover its lost leadership is based on a market strategy, launched in 1977,

The company has steadily moved its product range and store size and facilities up market. In 1978, it put into operation a five-year plan to revamp its image and modernise its stores, at a cost so far of £400m.

The up-market move involved extending sales of fresh foods and improvements in the quality of Tesco-label products. It has established nationwide panels of consumer and food technologists to monitor service levels and product quality.

Locally, Tesco has moved steadily into areas of operation—fresh foods and own-label—where Sainsbury has spent a century establishing its reputation.

Sainsbury, meanwhile, has been lowering its prices to beat Tesco at its own game and has overtaken Tesco's market share monopoly. Sainsbury now controls 15 per cent while Tesco holds 13.5 per cent.

Through its price promotion strategy Tesco hopes to attract

shoppers who may be unaware of the progress it has made in product range and quality over the past few years.

Although Tesco does not have the financial security that was available in 1977, it argues that a number of steps it has taken will help finance its new offensive. Late last year it completed an extensive review of its product ranges and control systems which enabled it to make substantial savings on stock levels.

The reaction from competitors may be mixed. Sainsbury is not expected to go all out in a price war, particularly since it is in the lead.

The ability of other national chains to match the Sainsbury and Tesco price levels is suspect, mainly because many do not want to see renewed price fighting break out in the High Street.

However, if Sainsbury and Tesco are let to battle it out, smaller chains are bound to suffer.

LABOUR

Print union urged to take hard line on Bill

By John Lloyd and David Goodhart

HARDLINE OPPOSITION to the Government's proposed employment legislation is likely to be endorsed at next week's biennial conference of the Society of Graphical and Allied Trades, the country's biggest print union.

Sogat's national executive council, in an amendment to its own motion, calls for the exclusion from the TUC of any affiliated union which co-operates "with any aspect" of the employment Bill proposed by Mr Norman Tebbit, Employment Secretary.

The union's stance is especially significant because Mr Bill Keys, Sogat's general secretary, is chairman of the TUC's Employment Policy and Organisation Committee, whose task is to co-ordinate opposition to the legislation.

If the TUC adopts the Sogat position, any union co-operating in a closed shop ballot would be liable to expulsion from the TUC.

It could even mean that senior officials repudiating their colleagues' unlawful actions to protect their funds could jeopardise their union's TUC membership.

The employment committee next week will receive a report showing that strong support is growing among normally moderate white-collar unions for the TUC campaign.

The report, which observes that the campaign is moving on to a "war footing," says that both the non-political Banking, Insurance and Finance Union and the Communication Managers Association are showing militant opposition to the Bill.

Hospital chief accuses strikers of breaching code on care

BY IVO DAWWAY, LABOUR STAFF

HEALTH SERVICE workers on strike at a new Merseyside hospital have failed to adhere to union guidelines aimed at ensuring adequate care of patients, NBS managers claimed yesterday.

Mr Brian Gibbs, administrator of 934-bed Arrow Park Hospital, Birkenhead, said the level of cover being provided was "totally unacceptable."

More than 500 porters, cleaners and domestic staff began a picket of the £35m hospital yesterday as part of a 24-hour stoppage in protest against the Government's refusal to improve its 4.4 per cent pay offer.

NBS union co-ordinators in Merseyside selected the hospital — opened by the Queen last

week — as their first target in the escalating campaign for a 13 per cent pay rise.

Mr Gibbs claimed that workers had given assurances that basic services would be maintained, despite the ban on non-emergency admissions. However, staff declined to remove linen and specimens from wards or to continue cleaning duties.

Mr Graham Nicholls, area officer for the National Union of Public Employees, denied that staff had breached the agreement. "The hospital authorities think of emergency services as normal working, but we assure them that there is no danger to life by our action."

Union co-ordinating committees across the country are continuing to develop plans for a

national 24-hour stoppage on Wednesday.

The strongest support for the action appears to be emerging in the North West and in Northern Ireland.

All four Ulster health areas have been hit by one-day stoppages this week, affecting up to 30 hospitals. A committee representing the 10 unions involved met in Belfast yesterday to finalise plans for further action next week.

In Liverpool union negotiators failed to persuade the health authority to reduce services voluntarily to accident and emergency cover only. However, they warned that this should be achieved in a fortnight by staff sanctions and selective strikes.

Calls for laws on workers rights 'are misguided'

BY JOHN LLOYD, LABOUR EDITOR

A GOVERNMENT Minister has said that calls for legislation to require particular patterns of employee involvement in companies were "misguided."

The comment by Mr David Waddington, a Junior Employment Minister, comes as pressure increases on the Government to respond positively to European Commission directives on industrial democracy and employee rights to information.

Mr Waddington told a personnel conference at Gatwick yesterday that "there is no system

which will suit the needs of every company, and any system imposed by government would surely cut across and lead to the abandonment of schemes of partnership in some industries which are working well."

Mr Waddington said that time spent on employee involvement was one of the best investments an employer could make.

Mr Norman Tebbit, the Employment Secretary, said yesterday that companies which failed to bring in new technology would fail their work-force because they would be forced to close.

'TUC studying worker co-ops'

By Our Labour Editor

MR LEN MURRAY, the TUC general secretary, said yesterday that the TUC was studying a possible role for workers' co-operatives in a future economic plan — on which talks between the trade union body and the Labour Party are advanced.

Mr Murray, who was visiting the Unicorn shirt factory in Taunton, Somerset,

He told the 70 Unicorn workers, who last year continued production rather than take redundancy, that the company planned to close the factory, that "anybody who thinks British workers are short of enterprise and determination should take a look at this shirt co-operative."

Esso workers plan disruptive action

BY OUR LABOUR STAFF

PROCESS WORKERS at Esso's Fawley refinery, Hampshire, are threatening to begin disruptive action in 10 days' time over an offer of an 8 per cent increase in basic pay and allowances.

The 760 oil and chemical workers plan to refuse to co-operate with new efficiency measures. Fawley—which has pursued productivity bargaining enthusiastically since the 1960s and has some of the highest pay rates in UK refineries—signed separate productivity deals in recent

months with process and craft workers.

The process deal, agreed last October and implemented gradually, gave main grade workers an extra £20 on basic rates and £4.80 on shift allowances, bringing their pay to £10,600 a year.

In return they changed from a four- to a five-shift system and agreed to reduce manning levels. Some of these changes have still to be implemented.

The process workers, repre-

sented by the Transport and General Workers' Union seem broadly content with the company's offer of 8 per cent on basic pay but are asking for a greater increase in the shift allowance.

They argue that craft workers received a more advantageous efficiency deal because their productivity payment—£23 or £25 a week, depending on grade—was paid totally on basic rates. The craft workers have accepted an 8 per cent annual pay rise.

Hoover dispute settled

MANAGEMENT and workers of Hoover have reached agreement on the future of the company's Cambuslang, Lanarkshire, factory.

At a meeting yesterday 1,500 of the 1,800 workforce voted for the agreement which allows the company to proceed with a £1m investment programme.

The workers at Cambuslang have agreed on no pay increase this year and 7 per cent next year.

A rule of law for foreigner

FINANCE AND THE FAMILY

BY OUR LEGAL STAFF

I have two friends, one an Italian and one a German who came to England many years ago but have retained their foreign status. When I asked them whether they had made their wills and the answer was no. Should either of these persons die then which rule of law would apply, is German or Italian or English as to the way in which the money will go between their respective families?

If, as seems most likely, the people you describe have acquired a domicile of choice in England (which is not governed by their nationality) they can make wills which would be effective to dispose of all property other than immovable property (realty) situated abroad. If they die intestate but domiciled in England their estates will be distributed according to the English law on intestacy, again with the exception of immovable property situated abroad.

me the VAT in spite of the order being placed prior to the announcement?

The new rules relating to VAT on gold coins came into force on April 1.

VAT applies to "supplies" made on or after that date. A "supply" is made when you receive the goods, pay for them or the supplier issues a tax invoice, whichever is the earliest. Therefore if you paid for the coins on March 30 VAT is due. If VAT is correctly due the bank is entitled to increase its price to you unless you had a contract with them specifically stating that VAT could not be charged.

the proportion which (a) the number of days from your departure in December 1971 to your return in March 1980 bears to (b) the number of days from the signing of the purchase contract in 1968 to the signing of the sale contract this year—subject to a measure of indexation relief under clause 72 of the Finance Bill. The rules are to be found in section 102 of the Capital Gains Tax Act 1979, as amended.

You could ask your tax inspector for a free leaflet CGT4 (Capital gains tax: owner-occupied houses).

A pensioner in Spain

I live in Spain and am entitled to a part UK

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National Insurance pension when I reach 65 because of the payments I made between 1937 and 1950. I have been thinking that it might be advantageous for me to pay NI subscriptions on a voluntary basis, so that if my wife or I require medical treatment at any time in the future, we can in need obtain it in England. Is this the position?

The fact that you pay NI contributions has nothing to do with medical treatment. This you would get, if resident in the UK, whether you paid contributions or not. We would point out that if you are a British social security pensioner living in Spain, you can contribute to the local sickness insurance scheme.

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Today's Rates 13 1/4% - 13 3/4%

Co-op Bank attacks Barclays

BY ALAN FRIEDMAN

THE MANCHESTER-based Co-operative Bank yesterday accused Barclays Bank of timing its announcement of Saturday banking to distract attention from the Barclays plan to raise the minimum balance customers must keep in current accounts to qualify for free banking.

The Co-op said it could be no coincidence that Barclays' announcement came just two days after Barclays announced plans to increase from £50 to £100 the minimum balance customers must keep in their

account to avoid paying bank charges.

The Co-op said it believed that "Barclays has chosen to time its announcement in order to distract attention and to overwhelm the negative impact of the news of an increase in the current account minimum."

The bank, which has 70 branches, said the Barclays Saturday programme would still fall "well short of the level of convenience enjoyed by our customers."

This was because the bank opens about 1,000 Handysave in-store counters on Saturdays where

customers can make deposits or cash cheques.

It has 3,600 Cash-a-Cheque points in Co-op stores open on Saturdays. Free banking is also offered to current account holders, whose accounts are in credit.

The bank's 70 full branches are closed on Saturdays. In recent months the bank has expanded its services in store outlets, however, and is trying to link its 7,000 retail outlets to banking.

Barclays Bank last night said: "The Co-op Bank statement seems tinged with desperation."

LP sales slow by 33 and a third

BY MAURICE SAMUELSON

SALES OF long-playing records in Britain are almost a third below the 1975 level, mainly because of increased home taping of cassettes.

For three years there has also been a steady fall in singles sales, although they are still far higher than in 1975, says the British Phonographic Industry Year Book, published this week.

Falling sales have forced the industry to contract so drastically that it is now unable to meet demand for singles and LPs, running at about 200m units a year. In 1978 it was able to produce 250m units.

UK deliveries of LPs were down to 64m units in 1981, from 67.4m in 1980 and 91.6m in 1975.

This has led the industry to cut staffing levels by about a third in four years. The industry claims to give employment

UK DELIVERIES OR RECORDS AND PRE-RECORDED CASSETTES					
	1981	1980	1979	1978	1977
	m units	m units	m units	m units	m units
Singles	77.3	54.8	77.8	50.8	54.9
LPs	64	145.1	67.4	148.5	91.6
Pre-recorded cassettes	28.9	62.1	25.2	52.5	16.5

Source: British Phonographic Industry Year Book

directly or indirectly to about 40,000 people, although less than 10,000 work for record companies.

In contrast, with the LP market, retail sales of blank cassettes rose from 50m units in 1978 to more than 70m last year. Record imports have also risen.

Despite the recession, the industry claims that prices have fallen dramatically in real terms, with LPs nearly half the

price and singles two-thirds the price 12 years ago.

Sales and rentals of pre-recorded videocassettes in the UK more than doubled in value last year to reach £55m, compared with £22m in 1980.

Retail outlets last year sold 1m pre-recorded videos, worth £36m, compared with 500,000, worth £15m, the year before.

However, a total 10.6m video cassettes were hired in 1981, compared with 3.8m in 1980.

Green light for Trafalgar's RDL deal

BY MAURICE SAMUELSON

THE LAST FAINT chance of preventing Trafalgar House's takeover of Redpath Brown & Long, the British Steel Corporation's former heavy engineering subsidiary, faded out yesterday when the Government's announcement that it would not be referred to the Monopolies and Mergers Commission.

Dr Gordon Borrie, director general of the Office of Fair Trading, had advised Lord Cockfield, Secretary of State for Trade, that the merger was not against the public interest, and should not be referred to the Commission.

One objection to the sale was that it would have created a near monopoly in the UK heavy steel structural engineering sector in which Trafalgar's subsidiary, Cleveland Bridge and Engineering, is RDL's principal rival.

The OFT is understood to have concluded that any disadvantage of this nature would be far outweighed by the ability of Trafalgar's enlarged engineering interests to compete for major international contracts.

Although the merger is expected to cause up to 700

redundancies at RDL in the first year, it was concluded that the company's 3,200 employees would have had even less security as part of BSC.

The Steel Industry Management Association, one of nine unions at RDL which campaigned against the sale, said last night it was "disappointed and annoyed" that the OFT had rejected its arguments.

Trafalgar House management will meet representatives of the RDL workforce next Wednesday in York to explain its intentions.

Steps begin on training board closures

BY ALAN PIKE, INDUSTRIAL CORRESPONDENT

WINDING UP ORDERS for half of the 16 statutory industrial training boards which the Government proposes to abolish were laid before Parliament yesterday.

The boards to go now are those covering air transport and travel; carpets, chemical and allied products; footwear, leather and fur skin; iron and steel; knitting, lace and net; man-made fibres, and wool, jute and fax.

In November the Government said 16 of the 23 boards were to be abolished, reflecting the belief industry should take

more direct responsibility for training. Ministers stressed, however, that statutory boards would not be wound up until satisfactory voluntary arrangements were introduced.

Some industries have been slower than others to put forward voluntary alternatives. In a few cases Mr Peter Morrison, the Employment Minister with responsibility for training, forcefully reminded industry representatives that the Government would not wind up statutory boards until worthwhile alternatives were devised.

He said yesterday: "Within

the next few weeks I hope to lay the remaining orders carrying through the decisions announced last November. There are, however, some industries where I am looking for further progress in setting up satisfactory alternative arrangements."

Statutory boards which still have winding-up orders outstanding cover ceramics, glass and mineral products; cotton and allied textiles; distributive industry; food, drink and tobacco; furniture and timber; paper and paper products; printing and publishing, and shipbuilding.

and judgments required" in the model. Officials, however, refuted claims that the recent changes were made in an underhand way to back up the Government's economic strategy.

"Neither the Chancellor nor any other minister is in any way involved in the design or operation of (the model)," the statement said.

The TUC alleged that the Treasury had introduced "confidence" effects in predicting the reaction of financial markets to refinancing changes in policy.

It also said the Treasury deliberately altered company sector equations to allow changes in interest rates to affect output and employment more quickly.

proposals through its economic model.

The exercise was carried out as part of April's meeting of the National Economic Development Council.

The Treasury's work showed that the TUC proposals—boosting public sector capital spending by £2bn and cutting VAT by 2.5 percentage points—would leave output and unemployment little changed or worse than they would otherwise be after five years.

The TUC claimed that the Treasury had made some key adjustments to the model to produce those results. Without these, it said, the model would produce a forecast show-

Treasury denies 'rigging' economic forecast

BY DAVID MARSH

THE TREASURY yesterday hit back over TUC accusations that it has been "rigging" its forecasting mechanism. It set out a detailed reply to the criticisms and said they were "without foundation."

More in sorrow than in anger, Treasury officials said they knew how the TUC arrived at its earlier growth projections by feeding an alternative economic strategy into the Treasury economic forecasting model.

A TUC economic paper presented on Wednesday charged that, by altering key variables, the Treasury had deliberately obtained pessimistic results when it ran the TUC's refutation

THE WEEK IN THE MARKETS

Drifting towards the unexplored

As the Falklands campaign dragged on through its sixth week, the market went on drifting gently upwards. The chance of a peaceful resolution to the conflict deterred funds for selling, for fear of losing out in the resulting bull phase. But the possibility of things going badly awry prevents buying on any scale.

If this paralysing dilemma could only be disposed of, the prevailing belief that UK interest rates are headed lower—even coupled with a rather mediocre stretch of industrial results—would probably lift the equity market into regions previously unexplored. The FT Industrial Ordinary Index reached a high for the year of 500.9 on Wednesday, though it has yet to threaten the 600-point barrier.

Actually, on Monday the FT-Actuaries 500 Share Index did break new ground, and the still wider All-Share Index scored the narrowest of misses. But—perhaps because they are not computed or published as quickly—these advances did not give the psychological boost which would be expected from a new high on the FT 30.

Composite crunch

Appalling first quarter losses from General Accident had braced the market for very grim statements by Commercial Union and Royal Insurance during the past week. In the event, both companies reported losses—the first in living memory from the Royal—for the three months to March, but their shares actually recovered slightly on the news.

Ahead of the figures, the composite insurance sector was trading at its lowest point ever relative to the market. Even ignoring the extreme bad weather losses, the underlying trend pointed to a continuing deterioration in underwriting experience and the shares of both companies reporting this week now offer double digit prospective yields.

CU announced a pre-tax loss of £1.7m, compared with a profit of £18.4m in the comparable quarter, while Royal reported an even more dramatic swing from a profit of £26.7m to a loss of £3.5m. But for a strong improvement in investment income, buoyed by the weaker pound and in Royal's case the benefit of rights issue cash, the figures would have looked even worse.

CU calculated that the severe winter weather cost an additional £21m in claims, after

LONDON ONLOOKER

adjusting for volume growth and inflation. Royal said the weather created underwriting losses about £15m above expectations. Most of the damage was in the UK, although the southern and western states of the U.S. also reported a much higher incidence of claims than expected. But the bad weather is now past and the humble rating afforded the sector on the stock market owes more to the worsening of rates, particularly on commercial and industrial lines on both sides of the Atlantic. Both Royal and CU are increasing premium income in the U.S. at a lively rate, but in the worrying context of operating costs which are likely to average at least 110 per cent of premium income for the full year.

Royal has detected some selective firming in U.S. rates—it recently increased its rates on commercial multi-peril business—and is showing signs of recovery in Canada, mostly thanks to sharp retrenchment. But even if conditions in North America fail to meet the more pessimistic assumptions this year, there is a full consensus that, with the exception of motor rates and other personal lines, the position in the UK will go from bad to worse.

Coats' cover

Coats Patons has not suffered so much at the hands of the recession as some other companies in the textile sector. But the relative resilience in profits has been obtained only at the cost of a sharp diminution of their quality. The results in 1981 have accentuated the trend whereby earnings in places like the UK and Europe have been replaced by those from South America.

For the year as a whole pre-tax profits have risen by 13½ per cent to £74.8m. The underlying performance is rather better than this, since the company made £5.7m less from the disposal of fixed assets. Nevertheless some £13m of the underlying £14.6m improvement can be attributed to the weakness of sterling, so the true performance is still no mean feat in a period when volume has fallen a further 3½ per cent.

But whereas South America produced 29 per cent of profits before tax and loan interest in 1980, that proportion moved up

to 42 per cent in 1981. In spite of some slackening in demand, the company was able to compensate fully for the devaluation of local currencies. The trouble is that profits from South America can be very unreliable. But in a difficult year for many operations elsewhere, this contribution has at least meant that cash income remitted from abroad has covered the UK dividend and associated ACT.

Elsewhere, the underlying picture in the UK has been steady, with Jaguar able to double its profits by restoring its margins, but there is still a lot of hard work to be done in Europe before profits here start moving the right way again.

Multiple strife

This week produced another example of the amazing divergence of results which are coming out of the retail sector. On Monday British Home Stores published full year results showing an impressive profit advance of a fifth in the closing six months despite the winter weather. On Wednesday it was the turn of the not so wonderful Woolworth. For the three months to the end of April sales of £228m produced a loss of £2.4m compared with a £2m profit in the same period of 1981.

At the halfway stage BHS's profits statement made sorry reading. Pre-tax profits had fallen by 28 per cent to £7.6m but the group bounced back in the second half with a style that surprised the market and left full year profits £2.9m higher at £42.6m. Some expectations had been as low as £35m.

Much of this advance can be traced to a change of fortune in BHS's cash flow which has resulted in a £2.5m turnaround to interest receivable of £1.4m. The group pumped £53m of cash into its bank account in the summer of 1980 from a cash on shareholders. So it had the benefit of that for a full year though perhaps more unexpected (at least to outsiders) is that tighter stock control and a shortfall in capital expenditure against budget kept the balance sheet liquid. Also BHS's associate income was beefed up by an extra £1.3m thanks to the success of Savacentre, the joint venture with Sainsbury.

Yet while the profit outcome is surprisingly good question marks linger over the underlying performance of the BHS outlets. Tighter financial control is one thing but the group has still to demonstrate that it can

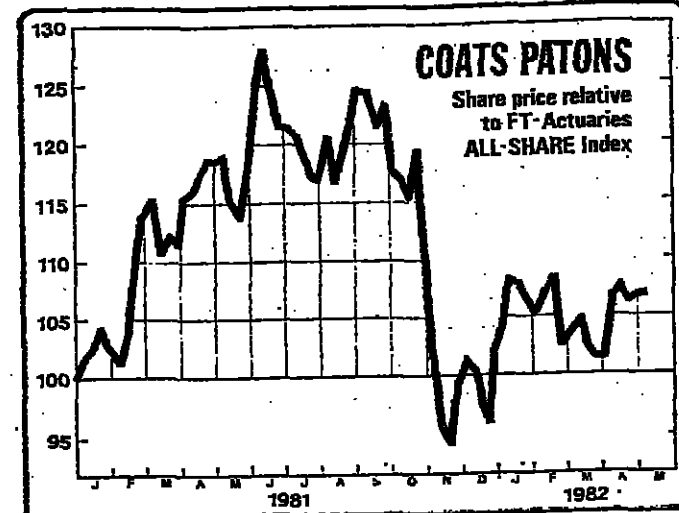
get its sales per sq ft moving forwards by sprucing up the image and selling higher value products. The volume it strives for remains elusive while Marks and Spencer's expansion into new product areas increases the competition between the two stores. And M and S is a formidable competitor.

Down the road at Woolworth the latest report does little to inspire hope. True it is the least important quarter but that makes it no less worrying. Gross margins have been patched up after the damage wrought by Operation Crackdown—last year's experiment which added 2½ per cent to volume but cut deeply into profitability. Yet turnover is up barely ½ per cent so volume must have been pretty thin. Costs meantime have continued relentlessly upwards and net margins before interest and depreciation fell by almost a third.

Woolworth may be sitting on a pile of prime high street assets and there are quite a few "For Sale" boards up. But buyers are unlikely to be falling over themselves, and anyway selling off assets is not what retailing is about. The market remains nervous that Woolworth is going from bad to worse.

Argyll's tender spot

The Office of Fair Trading now has a full hand of competition cases to consider. This spring has seen its usual quota



of takeover deals on the London stock market and, in at least three instances, the OFT is required to rule on trading policy.

In hand, and for decision by the early days of June, is the fate of a large, growing, Scottish engineering group, Anderson Strathclyde, straining to swim free of the £64m hook cast by mining finance group, Charter Consolidated.

Another urgent decision is that of Empire Stores, willingly embracing the bid proposals of the giant of its particular trade, catalogue mail order, Great Universal Stores.

By far the largest of these cases, however, is Allied Suppliers. The proprietor, Sir James Goldsmith, is U.S.-bound and aiming to leave behind him an efficient, cash generating

chain of Liptons and Presto stores. The prospective buyer of Sir James' legacy is Argyll Foods, a retailing and distribution group built from almost nothing over the last few years by the entrepreneurial skills of Mr James Gulliver.

Argyll's proposals have been put together with a sensitive hand. Mr Gulliver is, in effect, preparing to refit a major force in food retailing in the UK with a closed-end tender for sale of 95m new Argyll shares. The underwriting for this bold stroke was completed during the week with a facility which can only point to the City's ready acceptance of Argyll's prime ambition—to capture the number four slot in the supermarkets business and to build from there.

Pause for breath

NEW YORK RICHARD LAMBERT

WALL STREET has paused for breath in the past few days, after the gains of a week ago. There was a noticeably more sober tone in the bond market, as it became clear that reports of a budget compromise were decidedly premature, and a sharp fall in the money supply figures announced eight days ago has had no noticeable effect on short term money rates.

Share prices gave up roughly half their gains of the previous week, with a fall of over 8 points in the Dow Jones industrial on Monday. But business was relatively quiet, and the underlying trend still looks rather healthy.

A noteworthy feature of the past fortnight has been the renewed strength of the oil sector, which has been especially evident on the American Stock Exchange, home of some of the more speculative energy plays. The index of this market has outperformed the Dow in the past couple of weeks, reflecting a growing belief that the price of oil has passed its low point and that inventories are getting into much better shape than was the case earlier this year.

Oil shares led the way when the market moved up on Tuesday, and shares like Standard Oil (Ohio) and Exxon were particularly active. There were sharp gains, too, in secondary issues like Dome and Ranger.

The airline sector was another strong feature, following Braniff's move to file for bankruptcy in the early hours of Thursday morning. One of the biggest winners was American Airlines, which was Braniff's deadly rival at the hub of the Dallas/Fort Worth route network, and which has been badly squeezed by its ailing competitor's attempt to generate cash flow by slashing its prices.

For soundly listed companies like American, Braniff's demise is obviously good news. It will help to underwrite the improvement in capacity utilisation and passenger yields which already seems to be under way in the U.S. airline industry. But a two-tier market is developing in the share prices of this sector, with a distinction being drawn between strong companies like Delta and airlines like Western, Continental, Republic or World all of which had their latest reports qualified by their auditors.

On the downside, one of the biggest losers of the week was Cigna Corp., the product of a recent \$4bn plus merger between Connecticut General and INA. While UK insurers

like Royal and Commercial Union were spelling out the horrors of their first quarter, Cigna came out with some numbers which really jolted its admirers. On a pro forma basis, operating earnings in the first three months of 1982 were down by a half, and the combined operating ratio had soared from 107.9 per cent to nearly 118 per cent.

Cigna's shares did not open for trading on Thursday morning, such was the flood of selling orders. Its management made comforting noises about the merged company's ability to overcome the current problems of the insurance sector, but analysts were not appeased. Until recently, many had been projecting earnings this year of well over \$9 a share. Now the range seems to be somewhere between \$6.25 and \$7.25 per share, and the price (unbled by overvalued shares trading eventually just under way on Thursday).

General Motors was another stock which failed to open on the belt one morning this week, but in this case the delay was due to buying pressure. The news was that the Street's star analyst, Maryann Keller of Mitchell Hutchins, had changed her long-standing negative opinion about GM's long term potential, and was recommending a purchase for both short and long term gains.

Her argument is that GM's management has started to take a much more realistic approach to its problems. At one stage, the company believed that it could simply spend its way back to health, and it seriously underestimated the cost advantages of its Japanese competitors. But the problems of its U.S. built J car, launched at enormous expense late last spring, seem to have led to a change of strategy.

Ms Keller says that "two events signal a possible dramatic change to U.S.: the potential joint venture with Toyota and GM's joint venture with Fujitsu Fanuc to design, build and market robots in the U.S."

Monday 860.92 +8.28
Tuesday 865.87 +4.95
Wednesday 865.77 -0.10
Thursday 859.11 -6.66

MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1981-82 High	1981-82 Low	
F.T. Govt. Secs. Index	68.15	+ 0.77	69.55	61.89	Small support on int. rate hopes
F.T. Ind. Ord. Index	590.6	+ 7.3	590.9	518.1	Late buying for new Account
Akroyd & Smithers	212	+ 19	215	160	Good interim results
Bambors	25	- 11	64	23	Rumours of Boardroom rift
Bowthorpe	268	+ 14	275	178	Defence spending hopes
Chemring	365	+ 40	365	232	Defence spending hopes
Dalgety	295	- 21	338	286	Brokers' circular
Glaxo	690	+ 57	690	418	Hopes for Zantac drug in U.S.
Guinness Peat	80	+ 10	95	58	Talks on sale of commodity int.
Heath (C.E.)	245	+ 25	350	273	Results due next Tuesday
Inter-City Investments	58	+ 8	64	15½	Revived bid speculation
King & Shaxson	98	+ 15	98	78	Annual results
Metromar Minerals	14	- 4	28	12	Fishes 1 well abandoned
Ranger Oil	345	+ 65	422	240	Transatlantic influences
S & V Stores	19	+ 6	19	10	Speculative interest
Trident T.V. A	77	- 5½	100	62	Casino licence decisions
Tyson (Contractors)	44	+ 9	44	25	Sharply increased profits
Ultramar	430	- 20	497	335	Disappointing 1st statement
Vaux Breweries	152	+ 17	152	123	Int. figs. above expectations
Western Mining	220	- 18	247	200	Esso pulls out of Yeelirrie

How to save it

NO, IT'S NOT the new name for my colleague Lucia van der Post's How To Spend It page; this column really is about mining.

Mining companies are much more accustomed to spending money, usually in substantial amounts, than to saving it. The prolonged nature of the current recession, however, and in particular its depressing influence on metal prices, have forced the world's leading metal producers to look at ways of saving money.

Financial resources are rapidly being eroded, what with the recent spate of losses for the first quarter of this year and the need to finance growing stockpiles of unwanted metals. The companies have therefore had to turn their attention to finding ways of preserving their financial strength, so that they will be in a position to benefit from the upturn in metal prices, when it eventually arrives.

Amex of the U.S. is a prime example. This group, the world's leading producer of the steel-hardening agent molybdenum, recognises that the mining industry is currently facing one of its greatest challenges for decades, and has set about tackling the problems with its customary vigour.

Mr Pierre Gousseland, the group's chairman, outlined some of the steps Amex is taking on a visit to London this week.

In the short term, Amex has had no option but to follow the painful course of laying off staff. The group's workforce has already been reduced by

MINING

GEORGE MILLINGSTANLEY

2,500 from last year's level, and a further 650 jobs are to go next month.

For the long term, the group has postponed several big expansion projects, and consequently expects capital spending to fall this year by more than \$250m (£138m) from the 1981 level of around \$600m.

Prieska, Coping Mines in South Africa's Anglvaal group is another company which has had to take a long, hard look at its capital expenditure plans.

This mine, in the north-west Cape area, has sufficient ore at the depths currently being developed to stay in operation until about the first quarter of 1985, at its present milling rate

of some 700,000 tonnes a quarter.

Thereafter, Prieska will wind down fairly quickly, with production ceasing altogether in the third or fourth quarter of the same year.

There are substantial tonnage available at deeper levels in the mine, enough to extend its life for about a year, but Prieska has decided that the necessary expenditure of R9m (£4.7m) to exploit this additional ore is not justified.

Of course, a sustained improvement in metal prices could change the picture radically, and the mine plans to remain sufficiently flexible to be in a position to take advantage of any upturn.

Rio Tinto Mining (Zimbabwe), the Rio Tinto-Zinc group's 56 per cent-owned subsidiary, is also looking for ways to save money. The company lost a net \$51.12m (£34,000) in the first three months of this year, largely as a result of a very disappointing performance by the base metals division.

Mr Bill Rickards, in his last address to the annual meeting as chairman, warned that the Empress nickel mine is experiencing severe difficulties. The whole operation is now under review, Mr Rickards

said, and will have to be put on a care and maintenance basis until metal prices show a substantial improvement unless a solution can be found in the next few months.

Saving money was not the prime motive for the announcement this week of the capital restructuring at Australia's financially-troubled Selstrust Holdings, although there is an immediate small cash benefit to the company.

Selstrust, owned as to 78.8 per cent by British Petroleum through its Selection Trust subsidiary, has had to defer the annual 17.5 cents (10p) dividend due on its preferential "Z" shares on several occasions.

The accumulated total on June 30 this year would be about A\$6m (£3.5m), and Selstrust is asking holders of the "Z" shares to waive their entitlement to this sum and convert their holdings into "A" ordinary shares, in the ratio of five "A" for every three "Z" shares held.

While Selstrust reported that initial shareholders' reaction seemed quite favourable, there were signs that the directors might come under some pressure at the meeting in Perth on June 21 to make the terms a little more generous.

The American Recovery.

The opportunity

At present, the popular view of the U.S. economy is one of gloom. Interest rates, corporate bankruptcies and unemployment are at high levels, whilst industrial production and stock market prices have been dropping. The Government faces a sizeable budget deficit.

At Henderson however we believe there is good reason to be more optimistic.

*Inflation in the U.S.A. is firmly under control—recently the rate of increase was less than 5%.

*Lower income taxes and falling energy prices will strengthen the economy later in 1982.

*Higher savings levels will contribute to a steady decline in long-term interest rates.

*Industry will increasingly be revitalised by an industrious and cooperative working population that is generally willing and able to learn new skills and to relocate in pursuit of employment.

The evidence suggests to us that the American economy may be ready to move forward.

How to make the most of it.

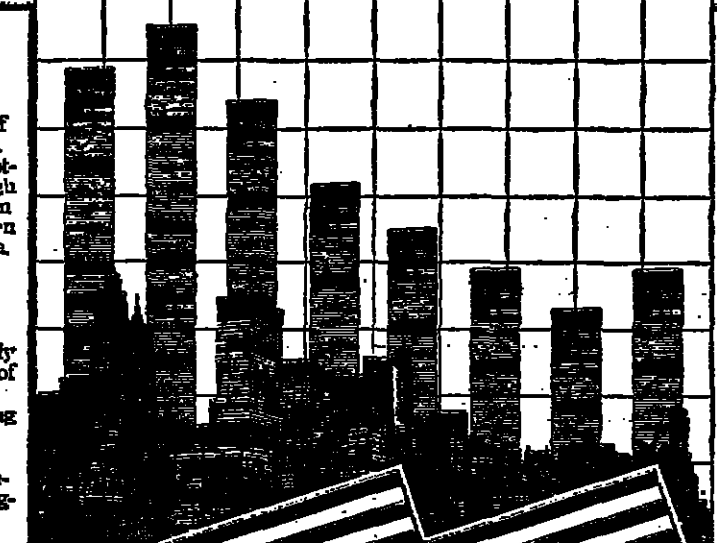
To take advantage of this opportunity it is important to move while stock market prices are still generally depressed—which is why we have chosen this moment to launch the new American Recovery Trust.

The trust's objective is capital growth (there will be an estimated starting gross yield of 2.15% p.a.). It will be wholly invested in North America and it will concentrate specifically on the shares of companies with above average potential for strong recovery.

Investments will be made in four main areas:

1. In sectors of the market which have been particularly out of favour because of the recession, but which the managers feel are due to make an early comeback—sectors such as insurance, banking, machine tools, housing and mining.

2. In companies which have suffered an unvarnished collapse in their share price following a temporary profits fall.



years, and during this time an invaluable network of contacts has been established.

The benefits of such experience have been demonstrated by the performance of the last American unit trust launched by Henderson in April 1978. Since that date the offer price of units in the American Smaller Companies Trust has doubled, and the trust has consistently been near or at the top of the performance tables.

Investors in the new trust should, however, remember that the price of units and the income from the trust can go down as well as up.

Investment in this unit trust should be regarded as long term. Until 4th June 1982 units in the new Henderson American Recovery Trust are available at the fixed launch price of 50p. To invest, simply return the application form below with your remittance either direct or through your professional adviser.

Additional Information.

An initial charge of 3% on two-weekly instalments of 75p for the price of a unit, the instalment charge, the managers pay remuneration in respect of their services and are available on request. The trust is subject to an annual charge of 1% plus VAT of the value of the trust to be deducted from the gross income to cover administrative costs.

Distributions of income will be paid quarterly on 30th January and 30th July. The first distribution will be paid on 30th January 1982. Unit holders will receive a statement of account showing the value of their units and the income received.

Units are not subject to capital gains tax and are exempt from inheritance tax. The total realised gain in any year must not exceed £2,000. The 1982 income will be paid on 30th January 1982.

Proxies and votes can be found in the Trust's Prospectus. Trustees: William R. Glynne, Bankers, Managers, Henderson & Co. Ltd., 100, Broad Street, London W1C 1JH. Solicitors: Messrs. Glynne, Glynne & Co. Ltd., 100, Broad Street, London W1C 1JH. Registered office: 100, Broad Street, London W1C 1JH.

American Equity Income Trust

A UNIT TRUST INVESTING IN HIGH YIELDING U.S. EQUITIES FOR THE U.K. INVESTOR

First Interim Report for the Period to 16th March, 1982 shows

Value of net assets £1.2 million (£1.5 m at 29.4.82)

Net asset value 44.98p (per unit)

*Estimated Gross Yield 7.4% (per annum)

*(Based on an expected income at exchange rates on 16.4.82 and issue price of 47.5p per unit. Estimated Gross Yield compares to Yield on Standard and Poor's Composite Index of 5.7% p.a.† and the Financial Times Actuaries All Share Index of 6.1% p.a.†) †16.4.82

Manager

JERSEY INTERNATIONAL FUND MANAGEMENT LIMITED
22 Hill Street, St Helier,
Jersey, Channel Islands
Telephone: 0534-32271

Investment adviser

DRAYTON MONTAGU PORTFOLIO MANAGEMENT LIMITED
117 Old Broad Street,
London EC2N 1AL

Copies of the unaudited interim report for the period 19th October 1981 to 16th March 1982 are available on request from the manager or the investment adviser.

This advertisement does not constitute an invitation to acquire or subscribe for units in the Trust.

Henderson American Recovery Trust

The Henderson Unit Trust Management Limited, Dealing Department, 5 Rayleigh Road, Hutton, Brentwood, Essex CM13 1AA. Tel: 01-585 3622. We wish to buy 1,000 units, 10p each, for the Henderson American Recovery Trust. This offer will close on 4th June 1982, or earlier at Managers' discretion. After the close of this offer units will be available at the daily quoted price. This offer is not available to residents of the Republic of Ireland.

SHARE EXCHANGE SCHEME. Our Share Exchange Scheme provides a favourable way to switch into this Unit Trust. For details please tick box or telephone Ken Oliver on Share Exchange Manager on 01-585 3622.

Signature (if there are joint applicants each must sign and attach names and addresses separately)

Date

Address

Signature (if there are joint applicants each must sign and attach names and addresses separately)

Date

Address

Henderson. The Investment Managers.

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YOUR SAVINGS AND INVESTMENTS

Where
wealth
is today

REGARDING SAVINGS as a virtue is fine if the savings can be used to finance investment. But savings lose their significance if businessmen have no confidence to invest or can find no profitable use for the funds. Pointing this out, Mr. Leon Brittan, Chief Secretary to the Treasury, put a question mark over hopes expressed at a symposium in London last week to consider "a fair deal for savers and investors."

Mr. Brittan identified inflation as the big bogeyman that had upset the whole savings equation. He pointed out to the meeting, jointly organised by the Savers' Union and the Wider Share Ownership Council, that over the last decade the investors, following authoritative advice, had seen their savings shrink to a vestige of their former value while other people (home buyers, for example) had made unheard-of gains.

Lower inflation will mean smaller differences in the returns from different savings media. The good news on this front was Mr. Brittan's forecast that the Retail Price Index should show inflation down to 7 1/2 per cent by the middle of 1983.

As to the call for wider share ownership, he acknowledged that the proportion of company shares in the hands of individuals had continued to fall over the years. The real secret to reversing this trend was a real increase in prosperity and wealth. Without that, we would not have a market to invest in. He closed by sniping at the people who were seeking to improve the saver's lot by improving his treatment under the taxation system. It was more important to think about the corporate plans of the more innovative companies, he said.

Sir Nicholas Goddison, chairman of the London Stock Exchange, told the symposium which included pension fund managers from a number of major companies including ICI, a pioneer in employee share ownership, that there seemed to be a strong political bias against putting capital into risk capital of industry and commerce. This originated from the days when direct equity investors were middle-class people with secure homes and secure lives. The pattern has changed dramatically over the past 30 years. Real wealth today is in people, homes and pensions. An inflation-linked pension offers a value that is out of all proportion to the savings that an ordinary person can hope to achieve in a lifetime.

"I think that as long as we go on talking about private industry, private clients, private wealth and privatisation, people will identify the description 'public' with good and 'private' with bad."

Therefore the selling off of sections of nationalised industries should not be called privatisation, but "true public ownership."

Chris Cameron-Jones

Saturday banking: Alan Friedman reports

Barclays want the money

BARCLAYS BANK is opening 400 branches on Saturdays from this autumn and the most telling verdict yet recorded came yesterday morning from a taxi driver navigating his cab through the streets of central London. What was his reaction to the Barclays move?

"I think it's great, really great. I've been meaning to open a bank account, but I never got round to it. I think I'll take the wife round to Barclays and open one on a Saturday."

This is precisely what Barclays is aiming for—new accounts and fresh deposit money. The bank estimates that nearly 4.5m working people do not have any form of cheque account and suggests that many would open an account if they could get to a branch on a Saturday.

But no one should assume that Barclays is acting because of its social conscience or its altruistic feeling toward customers. The main reason why Barclays has reversed its policy and decided to open 400 branches between the hours of 9.30 and noon on Saturdays is the bank wants more "free money"—the attractive current account deposits of the personal customer market.

Mr. John Quinton, senior general manager at Barclays, made it clear on Thursday that the bank was tired of watching building societies garnering this market. He estimated that 30 per cent of building society deposits are made on Saturdays, when the societies are open, and this was a key reason why building society deposits had grown to £56.4bn last year as against £41.2bn for the banks.

"The building societies have £15bn more deposits than the banks. We want some share of the £15bn," Mr. Quinton declared.

Barclays is not alone in its desire. The other major UK banks are also distressed by the growth of building society deposits. Why are personal deposits so attractive for banks?

The Barclays bank statistics should illustrate the reasons. Of its deposit accounts, around 75 per cent of the balances come

from personal customers. Around 50 per cent of current account balances come from personal customers.

Last year, however, the bank only lent back 25 per cent of its personal deposits. With high interest rates the remaining balance was a useful source of working capital and income.

In addition to the Barclays move this week, Lloyds and National Westminster also announced developments which will sharpen the competition between banks and building societies.

Lloyds is entering the estate agency business, purchasing a Norfolk-based six-office chain called Charles Hawkins. A new Lloyds subsidiary, Black Horse Agencies, will co-ordinate the bank's ventures in this business.

Mr. Roy Mercer, general manager of Black Horse Agencies, explained the bank's rationale. "We are in the house mortgage market totally and utterly. We are there to stay and we want to sell a package of services on a one-stop basis."

NatWest, meanwhile, is also going after the building societies with a revised mortgage service which offers advances of 100 per cent on properties up to £40,000 and 95 per cent for houses over £40,000.

The combination this week of the Barclays, Lloyds and NatWest moves demonstrates the determination of the banks to tackle the societies and to waste no effort to do so. Barclays in particular is taking a bit of a gamble, spending around £5m annually on its Saturday branch openings, but the bank sees this risk.

At the Building Societies Association, Mr. Richard Weir, secretary-general, said yesterday that the increased competition would benefit the consumer. He pointed out, however, that building societies still have longer opening hours and added that their branches are more specialised than banks when it comes to personal finance.

The most serious challenge to building societies, according to Mr. Weir, is the Barclays Saturday move. "It is a significant

increase in competition and will make Barclays a more attractive prospect to the personal sector," he commented.

Mr. Clive Thornton, the chief general manager of the Abbey National, went further and accused the banks of not having been responsive enough to the consumer in the past. He welcomed the Saturday openings as healthy competition, but said it was still not enough for the consumer.

"Sooner or later the clearing banks will have to face up to the fact that customers want current accounts which pay interest," Mr. Thornton added.

Mr. Thornton has a point. It has taken Barclays 13 years to change its mind about Saturday openings even though its research showed recently that 83 per cent of its sampling favoured Saturdays. The banks are not releasing their research data on current accounts which pay interest and still insist it would be too costly. But Britain is one of the few countries in the industrialised Western world where banks do not pay interest on current accounts.

As for opening hours, Britain is also behind several of its allies. In the U.S. many banks open Saturday mornings, a number are open on weekday evenings and there are even branches which open between the hours of 5.30 and 7.30 in the morning.

The Barclays move is an overdue decision. Other UK banks are now preparing contingency plans and will follow the Barclays example provided it seems profitable. In the meantime, the competition between Britain's banks and building societies promises to be keen. And for the consumer, competition should mean better choice for services.

MAJOR BANK MORTGAGE LENDING			
	Lending	No. of	
	to Date	Borrowers	
Barclays	£1.35bn	60,000	
NatWest	£800m	30,000	
Lloyds	£400m	25,000	
Williams and Glyn's	£470m	22,100	
	£1.7m	4,000	

The Pru, American-style

AT A time when many British investors are considering whether this could be the right moment to move more strongly into U.S. investments, it is intriguing to note just how radically some of the biggest American financial institutions have been changing their own ideas about the right kind of investment.

There is no better example than the Prudential Insurance Company of America, which has some \$80bn of funds under management and expects to invest about \$5.7bn of new money this year. Some of its senior investment men were talking in New York this week about where they plan to put all that money—and their message was that the Pru's investment strategy has changed almost out of recognition in recent years.

As recently as 1978, over 50 per cent of the Pru's new funds went into the fixed rate private placement market—mainly in long term loans to companies. Just 7 per cent went into real estate. In 1982, by way of contrast, the Pru expects to put only 7 per cent of its cash into fixed rate private placements—

and 33 per cent into property. The company has moved aggressively into equity-type financing—such as management buy-outs and oil and gas exploration—and is building a big international equity portfolio almost from scratch. It is "very, very attracted" to the idea of such fancy new forms of investment as stock index options and futures.

This radically new approach is the result of the devastating impact of inflation on the real value of the Pru's enormous portfolio of fixed rate bonds and mortgages built up over past years.

The trend in inflation has improved substantially in recent months, but "we are not convinced that the U.S. has permanently solved the problem," says vice chairman Mr. Frank Hoenemeyer. He takes a very cautious view of the outlook for interest rates and, accordingly, of bond and equity prices over the next year or so.

"The Pru is maintaining an above-average margin of liquidity in its pension portfolios—typically about 20 per cent—and believes that although the rally in the equity

market might have another 5 per cent or so to go, the long-term prospects for the economy could pose big problems. Some of its fund managers do not rule out a return to the low points of last March.

Mr. Hoenemeyer argues that a great deal depends on what takes place in the Congress during the next 30 to 60 days. What happens if a satisfactory budget compromise is finally reached?

He would probably throw the weight of his money into equities, on the view that they are likely to outperform bonds over the long term. The climate for company earnings would, he considers, be very substantially improved if the government could get its fiscal policy into shape.

The Pru has been building up its international investments significantly over the last year. It now has around \$40m of foreign equities, and is heading towards \$70m by the year-end. That is still a tiny proportion of the equity portfolio, and the company would be happy to see the overseas element climb to at least 10 per cent over the next few years.

But in spite of the emphasis on equity-type investment, Mr. Hoenemeyer would not be unhappy if his view on U.S. interest rates turned out to be too cautious. "We still have a very large percentage of our portfolio in long-term bonds and mortgages," he points out. If the picture does improve radically, the American Pru will—in terms of sheer dollars—be one of the biggest winners.

Richard Lambert

HOW PRUDENTIAL OF AMERICA INVESTS ITS MONEY

	% of net investment	
	1978 (actual)	1982 (planned)
Fixed rate private placements	52	7
Floating rate private placements	6	7
Mortgages	2	8
Equity-type private placements	22	4
Real Estate	7	33
Common stocks	1	11
Cash and equivalent	10	11
	100	100

More cover from TSB

THREE YEARS ago, the TSB Trust Company, the insurance and investment arm of the Trustee Savings Bank, launched its two home insurance contracts. They were and still are among the cheapest and certainly the most straightforward of all household insurance contracts—both for buildings and contents.

The essential feature of the contracts is that the householder, if he so wishes, can accept the TSB's valuation of his house and its contents and not suffer any penalties for possible underinsurance. The sum insured is kept up-to-date by automatic index-linking.

TSB's underwriter, Provincial Insurance, has estimated rebuilding costs for various

types and sizes of house or contents, and has assured a typical value of the contents. These values are taken as the minimum sums insured and the householder can insure his house and the contents for these sums. For example, the present value of a three-bedroom detached house in the provinces is £45,000 and the contents £18,000.

This method saves the householder the hassle of measuring the area covered by his house and the chore of trying to add up the current replacement values of all his possessions. If a claim occurs, the TSB will pay out without deduction up to the sum insured.

Of course, the householder is free to insure for a higher minimum sum insured are inadequate.

But the contents policy does not provide complete cover for the householder. It covers only the normal hazards of fire, theft, floods and storm damage to the contents within the house.

But for jewellery, furs, watches, binoculars guns and other expensive and moveable possessions, much wider cover is needed to include accidental damage in and outside the house and for loss or theft outside. This wider cover is known technically by the name "All Risks."

On June 1, the third anniversary of the household contracts, TSB is introducing its Extended Contents Policy to provide this all risks cover. A householder must hold a contents policy before he can take out this new cover.

The TSB has maintained its principle of keeping the contract simple. The minimum sum insured is 10 per cent of the minimum contents sum insured, with the individual categories, such as jewellery, insured for 15 per cent of the overall minimum.

Of course, the householder can make his own individual valuation if he feels that the minimum is too low. For extended contents, this will usually be necessary to take into account the considerable variation between households in the amount of valuable possessions owned.

The premiums for extended cover vary with the area of residence, since the theft risk varies considerably from London to the country areas. Cover of £1,800 would cost £59.40 in London and £28.20 elsewhere. This compares with £68.00 from Sun Alliance for residence in most London areas and £27.00 for residence in the country. Thus for this new contract premiums would appear to be around the market level.

ERIC SHORT



Cats... a 100 per cent winner

Flights of angels

A CHANCE MEETING on a cricket field turned Mr. Charles Fry into an angel. Over a drink after the game, a fellow cricketer encouraged Mr. Fry, a director of financial advisers Johnson Fry, to invest in a musical he was preparing for the London stage.

The fellow cricketer was Tim Rice, the musical was *Eritra* and the profits for Mr. Fry and the clients who invested are still rolling in. Since that drink, Mr. Fry has turned more of Johnson Fry's investment clients into "angels" backers of stage productions—and his theatre business continues to grow.

But with three flops and two hits now noched on his belt, Mr. Fry is cautious about the lure of the stage. "It's an almost sure-fire way to lose money," he says.

He generally counsels clients to divide the money they want to invest into five parts and sponsor five different shows. "You might win in one out of five and even that much is better than the average," says Mr. Fry.

The one big winner, of course, provides the bait. The 25 investors that Mr. Fry channelled into *Eritra* have since received £3,780 on top of the repayment of their original £1,000 stake. Each time the show clears £100,000 they each get a cheque for £135.

During the train strike this year, the show actually lost money and cheques thinned out. But it is now thriving again with the pay-outs arriving about once every two months. Johnson Fry takes 10 per cent of the return once the investor has recouped the stake.

With a background in personal and corporate financial planning, Mr. Fry admits that he is "your run-of-the-mill, average, unimformed theatre buff." Not surprisingly, he admits to choosing some real flops.

The first was *The French Have a Song for It*, which swayed in the top 10 of the charts' money and closed after three weeks. Mr. Fry had a personal introduction to the producer, whom he liked. On opening night, however, he knew it was a loser.

"I hated it," he says. The next mistake was putting clients' money behind a woman who wanted to produce Shake-

speare for students around the country. "The van with all the scenery turned over on the motorway. The actors rebelled, wanting more money. It was a mess." Luckily only £5,000 went into that production. *Sweeney Todd*, however, was a far cry from provincial Shakespeare. "It was a Stigwood production, with Harold Prince and all the right people working on it." But again his opening night reaction proved correct: "I came out of the show depressed." Of the £25,000 invested, Johnson Fry got back 7 per cent.

That was about 18 months ago. Since then, Mr. Fry has organised a syndicate for *Cats* and the new Andrew Lloyd Webber show, *Song and Dance*. *Cats* has proved a resounding success, paying back Mr. Fry's clients at a rate of 100 per cent a year. The show's profitability meant that getting in on *Song and Dance* was difficult.

"I had 10 days to get the money together before they closed down. The most we could get in was £8,000." Mr. Fry is informed of approaching shows through the post and then contacts interested customers by return mail. They have to act swiftly and are not guaranteed free opening night tickets. "These days you usually have to pay for them," he says.

An investor who put, say, £500 into each of his first five shows would be just about breaking even, with losses reducing the tax liability on the gains. But with *Cats* and *Eritra* still running, the investor would now be looking towards a 200 per cent return in the next 18 months he says.

A potential plunger should note that losses on theatrical productions cannot be offset, in almost all instances, against any other kind of income with the exception of other theatrical investments. As a result, Mr. Fry will scale down investments which he believes are too much for the particular customer to gamble.

One, a teacher from the East End, wanted to put £1,000 into *Fear and Loathing in Las Vegas*, which opened this week. He accepted £500 and they both went to the opening night. The result: "I think she was very glad I scaled her back."

Carla Rapoport

BASE LENDING RATES			
A.B.N. Bank	13 1/2%	Robert Fraser	14%
Allied Irish Bank	13%	Grindlays Bank	13 1/2%
American Express Bank	13%	Guinness Mahon	13%
Amro Bank	13%	Hambros Bank	13%
Barclays Bank	13%	Heritable & Gen. Trust	13%
Bank of Cyprus	13%	Hill Samuel	13 1/2%
Bank of India	13%	Hoare & Co.	13%
Bank of N.S.W.	13%	Hongkong & Shanghai	13%
Bank of New Zealand	13%	Kingsnorth Trust Ltd.	14%
Bank of Scotland	13%	Knowles & Co. Ltd.	13 1/2%
Bank of South Africa	13%	Lloyds Bank	13%
Bank of Western Australia	13%	Mallinthal Limited	13%
Bank of Western India	13%	Edwards & Hanson & Co.	14%
Bank of Western Union	13%	Midland Bank	13%
Bank of Western Union	13%	Samuel Montagu	13%
Bank of Western Union	13%	Morgan Grenfell	13%
Bank of Western Union	13%	National Westminster	13%
Bank of Western Union	13%	Norwich General Trust	13%
Bank of Western Union	13%	P. S. Refson & Co.	13%
Bank of Western Union	13%	Roxburgh Guaranty	13 1/2%
Bank of Western Union	13%	E. S. Schwab	13%
Bank of Western Union	13%	Slavenburg's Bank	13%
Bank of Western Union	13%	Standard Chartered	13 1/2%
Bank of Western Union	13%	Trade Dev. Bank	13%
Bank of Western Union	13%	Trustee Savings Bank	13%
Bank of Western Union	13%	TCB Ltd.	13%
Bank of Western Union	13%	United Bank of Kuwait	13%
Bank of Western Union	13%	Whiteaway Laidlaw	13 1/2%
Bank of Western Union	13%	Williams & Glyn's	13%
Bank of Western Union	13%	Winttrust Secs. Ltd.	13%
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PAINTINGS

FINANCIAL TIMES REPORT

With demand still declining in the salerooms, there is an opportunity to buy at bargain prices.

This is a very good time to buy pictures

BY ANTHONY THORNCROFT

IT USED to be thought that art was recession proof and for a time the UK picture market held up quite well while the economy went into decline. Now many dealers and salerooms are suffering. The belated adverse impact owes much to the falling away of overseas demand. London in particular is perhaps still the leading international art centre and until last year buying by Continental and Japanese dealers and collectors compensated for the fall in demand from the British.

Now this underpinning is much weakened. The only bright spot in the picture market of the dollar could bring more picture-collecting American visitors to the UK this summer. In the main, most sectors of the market have now experienced two bad years, with no substantial relief in sight.

There are, however, bright sectors—in particular British paintings of the early 20th century. Artists like Sickert and Clausen, Orpen and Gloner, were undervalued and under-appreciated for years. Works which could have been acquired for less than £2,000 five years

ago are now selling for £10,000 and more. The renewed interest in groups like the Camden Town school, and, from a slightly earlier period, the Newlyn school, came initially from private collectors but now dealers are competing busily for works produced up to 1939. Of course artists like Munnings never went out of fashion and his paintings are reliable sellers.

Be watchful

Unfortunately the other area which is booming, the post 1945 New York school, hardly affects the British art market. Last week Christie's managed 14 artists' records in a sale of contemporary art in New York but the Americans are basically buying their own, and although it might seem irrational to pay over £200,000 for a painting by Frank Stella or Jackson Pollock when you could get a very good Old Master for a similar sum this confirms the fact that any American painting of quality

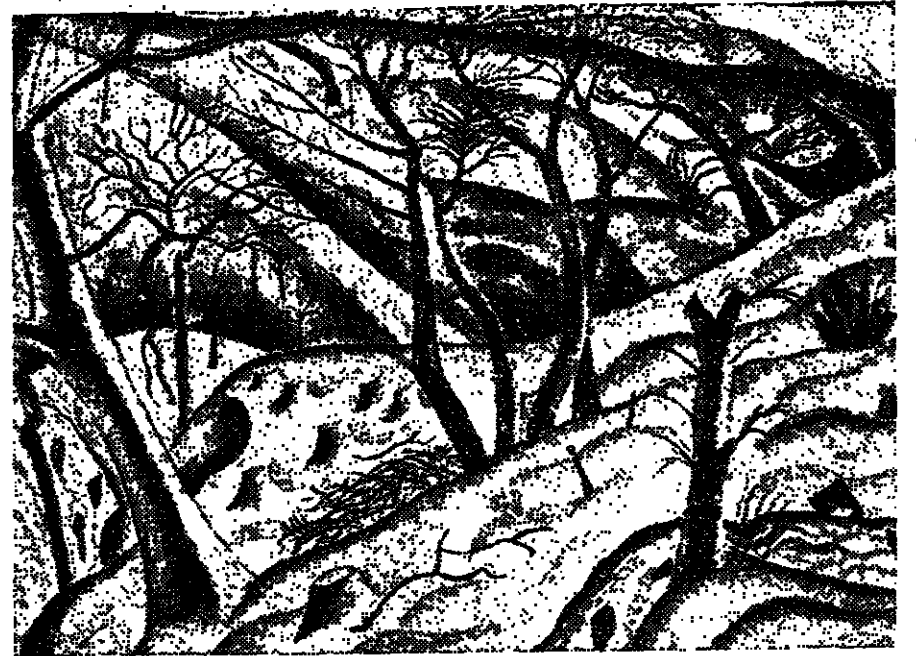
from 1800 onwards is desirable to Americans: there are quite a few languishing in the UK, so keep an eye open.

In the main, though, things are not what they were three years ago. Still, Impressionists and 20th century international paintings are doing quite well, with greater interest about the surrealists in the past year. Among the modern masters little seems to be in favour while Picasso is out of fashion. The great majority of Impressionist and modern works sent for auction in the UK are sold by overseas vendors and bought by overseas collectors and dealers. London acts as the clearing house, used for its expertise.

The greater resources of the salerooms, backed by advertising campaigns, have enabled them to capture a large chunk of the market from the dealers. But dealers, less willing to hold on to unsold stock in a period of high interest rates, are



Extract from Sir Alfred Munnings's painting of 1911, "Shrimp leading ponies across Ringland hills," which could fetch between £20,000 and £30,000 at Sotheby's next week



"Melting Snow," a watercolour by the Welsh artist, David Jones, at Capel-y-Ffin, 1925. The picture, valued at £3,500, is on show at the New Art Centre, London, in the "Art for Investment" exhibition

becoming more adaptable, and using the salerooms to dispose of less desirable works, perhaps at a small profit. Despite their differences the auction houses need the dealers—their main buyers and sellers—and the dealers need the enormous

throughput of the auction houses: in recent months, Christie's, South Kensington, has been disposing of 500 lots in every picture sale.

The basic facts about the current market are that works of outstanding quality can com-

mand exceptional prices (although few of them appear on the market, especially among the Old Masters), but there is much to be said for over-restored paintings in the £5,000 and under range are finding few buyers. Anyone with a picture

to sell should be careful to offer it to a dealer or auction house un-restored and in its dirty natural state.

Another feature of the picture sales this year is their unpredictability. If foreign dealers are in town a sale can do well, but in sectors such as Victorian paintings and Old Masters where a few years ago the experts could be reasonably sure that the works would go at their forecast, or above, now the guidelines are obscure. The dealers who would pick up the routine pictures in the £500 to £3,000 range may well be absent. Even master works can have problems: the last great painting to be sold in London, a Poussin at Christie's a year ago, failed to find a buyer in the auction room but went later for £1.65m.

This suggests that all the publicity about rising prices in recent years has encouraged vendors to expect very high values and currently there are just not enough rich buyers around. There is also the problem of getting an export licence and the growing popularity of

private treaty sales which now receive more Government encouragement.

So this is a very good time to buy pictures, either through the dealers, who are reviewed by William Packer, or the salerooms. Areas tipped as currently undervalued include Victorian drawings and English watercolours. Prices are rising fastest in specialist sectors, such as Scottish and Irish paintings, boosted by popular national sentiment. Old standbys like Victorian landscapes are currently cheap, and pretty decorative works are also, unusually, available at bargain prices.

Paintings should never be bought as an investment. They should be collected because they enhance the life of the buyer. The fact that the growing scarcity of really fine works of art makes a price appreciation almost inevitable should be regarded as a bonus. But it is only the best paintings that have an investment plus and what makes the best can only be determined by the potential buyer developing his own eye, guided by expert advice.

Modest optimism in the London market

BY WILLIAM PACKER

THE LONDON art world continues its various, active and contrary self, still whispering its news of dire foreboding in the same breath, as more modest optimism. Across the whole spectrum of activity, from the most ancient to the very latest, dealers known to be sorely pressed survive—and it would be sad indeed to see them go just now, with better times perhaps around the corner.

Certainly, there are more galleries than ever, and new ones open all the time: which of course bespeaks a general sense

of confident adventure without which any art world, must die.

As with all such things, it is impossible to gauge exactly how business stands, to give the state of the market in a word. Rather it is a matter of holding up the well-known finger to catch whichever breeze chance blows. I asked the same few questions of five London galleries which between them, if somewhat arbitrarily, cover the field.

Those questions were simple enough: what was the field of specialisation? What was the price range overall? How was the market in general? Where in particular was there any activity? What in fact was selling? What would be especially good to buy at the moment? And, finally, how did things look for the future?

● Agnews: long established dealers in English water-colours from between 1700 and 1900, in Old Master paintings of all schools and periods, and British paintings too of all but the modern period, though a small number of contemporary artists of a more conservative bent are also represented. Prices can begin at around £50 for a water-colour and can go as high as the sky, well into seven figures, for a masterpiece. It was stressed to me, however, that half the business in water-colours was in purchases under £1,000, under £5,000 for half the paintings.

Business was said to be slow, somewhat surprisingly so, so abroad even than here, where the signs were that it was beginning to pick up. There was a sense that perhaps too much attention had been paid to America in recent years at the expense of English clients.

A lot of work, British pictures especially, was being sold to companies based in London, which was a fairly new development. The market in water-colours had expanded greatly in recent years. The recommendation was for Italian Baroque paintings of the 17th century, less scarce than that of earlier periods, and for quality, less expensive than that of the 18th, which is currently sought after.

The prognosis was moderately optimistic, this year rather better than last. The great works were not difficult to sell, but the problem was with the middle range. ● The Piccadilly Gallery: successful post-war dealers in Symbolist, Pre-Raphaelite and Fin de Siècle works of art, both European and British, in modern masters, and in contemporary British figurative painting. Prices range from around £100 to £25,000, but most business falls between £1,500 and £2,000.



Pseudo-Bles: "The Adoration of the Kings," sold at Phillips recently for £65,000

This is a difficult time of year, and at the moment rather less is being sold at home than to American, Swiss and German clients. The good things always sell well, Klimt, Schiele, Giff, Spencer, John and, among the living, David Tindle. It is hard to go wrong with historical and authentic, all the more so if it carries with it a particular personal history or association.

Quiet period

Things are quiet at the moment and likely to remain so while affairs at large remain so uncertain.

● Juda-Rowan Gallery and Annely Juda Fine Art: two of our principal dealers in contemporary art lately merged (Riley, Huxley, King, Naylor, Anthony Green-Rowan, Alan Green, Hall, Kenny, Held, Christo-Juda), with Annely Juda Fine Art continuing distinct with the historical Constructivist tradition. Prices begin at the modern side around £200 and rise to £20,000 or so, £1,000 to £20,000 and more on the historical side.

Taking Juda-Rowan first, the market is not good. Abroad Japan shows signs of life, but there are rather fewer than usual in Europe, and those few

only in Germany and Switzerland. America is always very difficult, habitually resistant to foreign work. At home business ticks over as slowly and quietly as ever.

There is, however, a steady demand for the paintings of the two Greenes, and the sculptor Nigel M. P. too does reasonably well. Good British artists indeed are very good value now, their work as good overall as any being done elsewhere and yet their prices substantially lower than those of their European and American peers. A reserved optimism is the best that can be said for the outlook.

As for Annely Juda Fine Art, things again are very slow, but the season is only now beginning. Suprematism and Russian Constructivism remain remarkably good value for works of such historical significance, though they are never exactly cheap. The market in general can only get better, but it will certainly take some time to do so.

● The New Art Centre: dealers of some 25 years standing in 20th century British painting and sculpture (Moore, Lanyon, Hepworth, Clough, Agar, Hitchens, Potter). Prices go from £100 to £20,000, with

most of the business falling between £1,000 and £5,000.

Business seems to be fairly good so far as the Gallery itself is concerned, though lately its nature appears to have changed, inclining now towards the more important works, a smaller number of transactions but for somewhat larger sums. The gallery serves principally a domestic clientele, which seems healthy, active, enough so at least to encourage a certain optimism for the future.

Indeed, it would go so far as to stake its reputation on it, and its current exhibition, Art for Investment, seeks to make the demonstration.

Estimations

The premise is simple: £800 invested in 1962 would now by our very own index be worth £3,224, only barely matching with inflation. A sum of £800 spent equally on the work of Hubbard, Clough, Lanyon, Doria, Hitchens, Stephenson, Potter and Bulmer, all of them artists with whom the Gallery has dealt, would now be worth £12,711.

An almost identical portfolio bought in 1974 for £900 would now be worth £2,698 as against £1,701 on the index. The exercise is of course hypothetical, and the figures the gallery's own.

● Lewis Johnstone Fine Art: a partnership established barely a year ago dealing in contemporary vanguard British, European and American art in all media (Stuart Brisley, Dennis Oppenheim, Denis Masi, Simon Read). Prices go from £250 to £5,000 with most business in the £750 to £1,500 range.

It is a very tight and conservative market in this country, which may be attributed, the gallery feels, as much to lack of information as to lack of interest in contemporary art. Most of the business is at home, though foreign buyers are beginning to show significant interest.

Work by young artists whose base is in installation or performance activity is doing well—paintings by Paul Richards, drawing by Kerry Trengrove and Ron Haselden—and that would naturally be a recommendation. It is work based on the figure, not always directly or unambiguously, but adopting instead rather more conceptual, metaphorical and experimental approaches.

The gallery put it quite unequivocally: the work being done by that generation of British artists now in its thirties is at least as vigorous, creative and exciting as anything equivalent in Europe or America. As for the immediate prospects, things appear to be going increasingly well.

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BY JUNE FIELD

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overlooking the water, complete with ship rails and lamps; while another suite incorporates the "box" of the garden-theatre built on the east side of the house by Knoblock. The Arnold Bennett maisonnette records the fact that he and others such as Compton Mackenzie and J. B. Priestley signed their names on the walls of the cellars, now suites, back running down the road. And here that part of the novel took

the vaulted wine-
room/bathroom
to lawns
to the sea. There
spaces for each
are along the
must mention
se gardens have
which may or may

BRIDGE

E. P. C. COTTER

In the other room the American declarer received the same lead, but he decided that

with dummy's last trump. West has to discard two diamonds to avoid setting up declarer's spades, but this does not help him, because he is thrown in with a diamond, and forced to lead a spade into South's tenace.

Crowded calendar

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POSITION No. 423

POSITION No. 423


WHITE (Tiger).

Cheskovsky v Yusopov, USSR
onal 1962. Since the natural
move 1 P×P would give White
no advantage, he offered a pawn
by 1 N-B5. Tournament winner
Yusopov thought the gambit
was unsound and replied 1...
P×P, expecting 2 P×P, QxKP
when 3 QR-K1 hoping to win a
piece is met by 3... Q-B4 ch
forcing the exchange of queens.
Which player had miscalcu-
lated?

PROBLEM No. 423

PROBLEM NO. 423

BLACK (4 men)

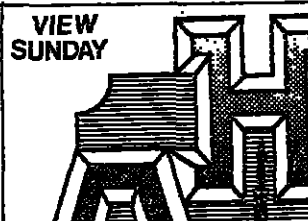


WHITE (6 men)

White mates in three moves, against any defence (by G. Rathcote). Despite the bare and simple setting, White's key move is well hidden.

Solutions Page 12

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SICILY

ANTHONY THORNCROFT

THE BRITISH love the Mediterranean and they love islands. Yet Sicily, the largest Mediterranean island and the most centrally placed, has never been tourist ridden. This is mainly the choice of the local government which plans to develop tourism methodically rather than allow an hotelier's free for all. It also likes the idea of visitors coming to the island to admire its unrivalled historical attractions rather than just its sun, sea and sand.

About a third of tourists list the season-stretching antiquities of Sicily as the main reason for their trip and this up-market image is being fostered by the government's concentration on developing the thermal springs on the island. Already at Sciacca, in the south, an all-year resort is emerging which offers physical recuperation as well as a picturesque fishing harbour and beaches.

But although the strategic situation of Sicily has given it a cornucopia of history, with the Greeks, Romans, Byzantines, Arabs, Normans and Spanish all leaving a decorative mark on the island, its appeal to many tourists is that it offers that increasingly desired ideal, a well balanced holiday—a week on the beach and a week seeing the sites.

By a happy coincidence some of the most appealing resorts have celebrated antiquities peeping through. Even the prime holiday town, Taormina, has grown up gracefully around one of the best preserved Greek

theatres, refurbished by the Romans, and now topped up with one of the finest panoramic views in Europe.

Taormina offers a choice. You can either stay in one of the hotels on the coast, such as the Ipanema which opened in April and is listed by some British tour companies, with immediate access to beaches, coves and islands, or in the town three kilometres inland or rather upwards.

For the town is perched on high and is best reached by a funicular railway which runs until well after midnight, linking day-time beach loungers with the bars, restaurants and discos of this all year round resort which has attracted visitors for over a century, ranging from D. H. Lawrence to the Kaiser, from André Gide to Princess Margaret.

The main street, topped and tailed by medieval gateways, has more than its share of tourist shops, but it is a lively good natured thoroughfare, opening out into a square with breathtaking views down to the distant sea. Hard by the Greek theatre is the Hotel Timeo, one of those stately hotels (owned by the same family for over a century) where Henry James characters would feel immediately at home. And, as a backdrop, Taormina has Mount Etna towering behind it, usually snow-topped, and an exciting excursion.

Because of its natural advantages Taormina is a celebrated and crowded Mediterranean resort. Less well known but tentatively gearing itself for more tourists is Cefalù on the northern coast. Here the historical landmark is a beauty, a Norman cathedral of the 12th century, with one of the finest mosaics in the Mediterranean, of Christ the Pantocrator, dominating the

eastern wall. Behind the cathedral is a towering rock, below it a small fishing port with the sea almost flowing into the ancient houses. Cefalù still earns most of its livelihood from fishing rather than tourists. It has retained its integrity and, as yet, the hill behind the town is only sprinkled with villas and the hotels developing on the coast still command unspoilt views.

It would be perverse to visit Sicily and ignore the classical remains. For a start the Temple of Concord at Agrigento hardly qualifies as remains: it is the best preserved Greek temple outside Athens. It dominates a ridge on which either Greek buildings of the 5th century BC stretch into the distance, justifying Pindar's description that it was "the fairest city of men."

In Agrigento the past is well matched by the present. The modern town lies across a valley and does not intrude on any musings. In Syracuse the past was more glorious but the present, in the form of railway shunting yards, interrupts the view from the Greek theatre to the sea. Syracuse also offers the largest Roman sacrificial altar in the world; an amphitheatre; and a vast echoing cavern where Dionysus used to cavendish 2,400 years ago.

What makes Syracuse a double must is its old town (the earliest known Doric temple of around 575 BC was unearthed here a few years ago), crowding a promontory joined to Sicily by two bridges. Here some of the bustle and picturesque seediness of a Mediterranean port flourish alongside a fine cathedral and museum.

Tucked away in the maze of alleys, in the Via Mirabella, is the Trattoria Minosse, which looked like the prototype for

the top London trattis, and where the food was excellent, even by Sicilian standards. A succession of courses cost 12,000 lire (less than £5). Eating in Sicily is a pleasure. The food is more highly spiced than on the mainland, but is based around some of the finest fruit and vegetables grown anywhere. The wines are cheap and cheerful.

The capital of Sicily is Palermo, a strange city. It is a major port but the main thoroughfares are inland and you glimpse the sea down a straight avenue with surprise. The war hit Palermo hard, producing dreary redevelopment on the outskirts and still a rash of ruins in the old area.

But the backstreets of Palermo are made for the camera and a devastated 17th century palazzo is more romantic than a recently restored one. Palermo also has the finest Norman architecture on the island, showing up our own Normans as crude provincials. The mosaics in the Cappella Palatina may be over-rich for some tastes but represent Byzantine art at its most confident while the nearby church of San Giovanni, hidden from the road by a lush garden, with its red domes revealing the converted mosque, is the handy antidote, the intimately pic-

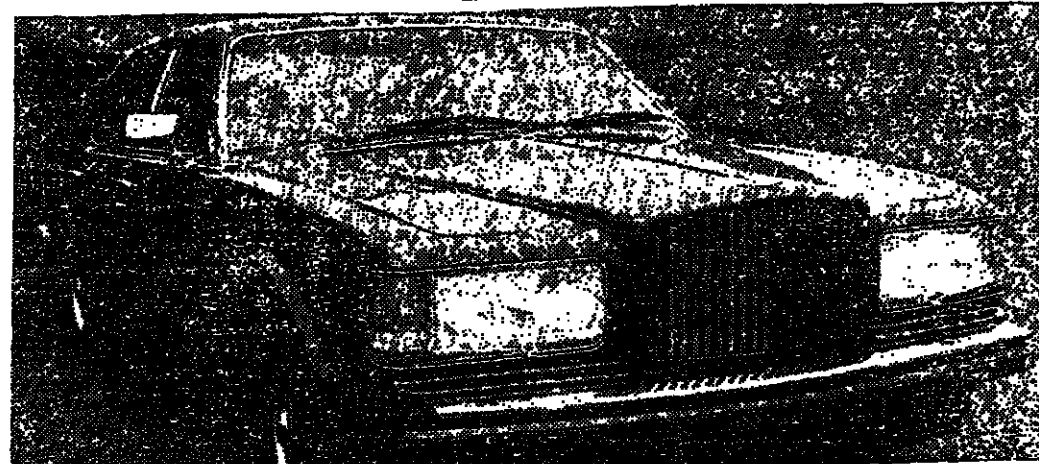
turesque. Just outside Palermo is Monreale, where the Norman love of the Greek went mad. The time the cathedral is completely covered with mosaics; but once again relief is at hand. Behind the cathedral is a cloister which owes more to Islamic Granada than monastic France.

After a glut of sightseeing in Palermo and a crash course in European history — it seems quite reasonable that the imposing tomb of Frederick II, the "stupor mundi," should be in a side chapel of Palermo cathedral — you probably deserve Mondello, the beach resort outside Palermo where the villas are turn-of-the-century and the beach recognisably Mediterranean.

But for most of the time in Sicily, although the autostradas get you around with brisk efficiency and the passing view is modern Italian, the constant reminders of its fleeting conquerors will make it a magical holiday tour as much as a holiday in the sun.

Alitalia flies direct to Sicily four times weekly and has a Jet-Drive deal with Avis which offers car hire at a considerable discount. CTT and Sicilian Holidays offer the biggest selection of packages but most leading tour companies include Sicily in their schedules.

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The Bentley Mulsanne

MOTORING

STUART MARSHALL

the mid-to-late Eighties. All Rolls-Royce and Bentley cars will then have become smaller engines, lighter and more fuel efficient, thanks to turbo-charging.

Figures alone give no hint of the Mulsanne Turbo's character. It is not just a very fast car, but an opulently luxurious gentleman's carriage with an outrageous turn of speed.

The waste gate on the turbo-charger dumps all the boost when 135 mph is reached. Last week, I put the needle right off the speedometer dial, which goes up to 140 mph. Clearly the instrument was optimistic, but at 135 mph genuine, driving the Mulsanne Turbo was not a white knuckled business at all. In fact, it was eerily quiet (just a little wind roar and some rumble from the superlative Avon Turbosteel).

A chap could easily ring his stockbroker on the radio while cruising at close to this speed," observed the Rolls-Royce man from the back. I think he was right, and he wasn't white knuckled either. Rolls-Royce do not exaggerate when they speak of the Mulsanne Turbo's "extremely restful high speed cruising capabilities." It can be driven as fast as one's conscience allows on French N and D roads with utter tranquility. On sharp corners, one becomes aware there is a lot of heavy metal trying to go straight on while the tyres insist that it turns. But the Bentley never feels ungainly. A slight increase of pressure on

the accelerator deals with most overtaking requirements. For a quick dash past a couple of juggernauts before the solid white line starts, the column mounted transmission selector switch may be flipped into middle. There's no neck-jerking leap ahead, but in a trice the lorries are shrinking dots in the mirror.

Apart from its painted, not plated, radiator shell and some discreet badges, there is nothing to tell the Turbo from a normal Mulsanne outside. The interior is standard Rolls-Royce/Bentley, too, except that the steering wheel is leather covered, a discreet gentleness to the sporting side. Two of the Turbos I drove had cloth trim. I thought the drab brown material ill became the rest of the furnishings.

For me, a Rolls-Royce isn't a Rolls-Royce (or a Bentley a Bentley) unless one is greeted by that wonderful Bond Street bespoke shoemaker smell as soon as a door is opened. A small herd of cows had given their lives to trim the seats of the final Turbo I drove. There really is nothing to compare with Connolly hide, even though it does let one slide about a bit during hard cornering.

Three in four of the 100 Mulsanne Turbos to be made this year will go to British buyers. It won't be sold in the U.S. or Japan, because of emission problems, or in Canada or Australia. But it will be available in Europe, including Sweden, where its massive weight means it has to be registered as a truck. Ettore Bugatti, who airily dismissed the original Bentley as "the fastest lorry in Europe," must be smiling up there.

Ideal for doing nothing

SARDINIA

ARTHUR SANDLES

BEAUTY is not a word that can be applied easily to most Mediterranean islands. Life and nature has dealt them too many cruel blows over the years. Crete, Malta, Cyprus... they stand like battered heavyweights in the ring of time that is the Mediterranean. They have a rugged grandeur, they each boast their individual charms and each offers the visitor tempting reasons to stay for a while. But few have the tempting seductive lushness of the Caribbean and Pacific equivalents, whose comely attributes woo with about as much subtlety as a well endowed snake dancer.

Sardinia, the biggest of the Mediterranean islands, is typical. In its stormy past its tough little inhabitants have seen Cretans and Phoenicians, Romans and Spaniards battling each other and the mountainous terrain before moving

on. Few left much trace of their residence. Instead it is the strange stone nuraghi, round fortified towers, built hundreds of years before Christ which remain. There were more than 30,000 of them, and there are still remnants of around 7,000 of varying sizes and varying state of repair.

In more recent times it is the Americans who have been responsible for another revolution in Sardinian life-style. No, this time it was not the introduction of McDonalds and Coca-Cola, but the post-war elimination of malaria from the island's coastal fringe. This has unlocked the door to tourism, enabling hotels and villas, restaurants and night clubs to dot the bays and beaches which were once shared by mosquitoes and a few fishermen.

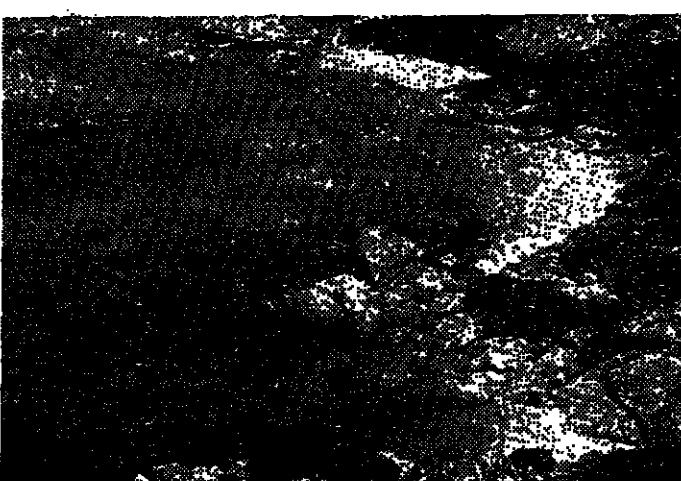
The mosquitoes may have gone, or at least the malaria bearing ones, but thank heavens the fishermen remain. Seafood is one of the delights of the island. The restaurants are good and cheap and the fish markets a happy hunting ground for the ambitious self-

caterer. If a diet of fish palls then venture into the various wild boar dishes and sausage. Boar abound in the mountains and regularly feature on menus or on butchers' blocks.

Wine is good and cheap; many claim it is in fact superior to that on the French island of Corsica. Meals will normally be accompanied by the ubiquitous Carta da Musica, thin sheet like bread which keeps well and has an excellent taste. A jug of chilled local wine, a plate of local cooked meats and salad, and a fine view over the bay... what could be better?

Unless you have remarkable endurance and an appetite for long, winding narrow roads do not attempt to "do" Sardinia. There is nearly 10,000 square miles of it and a quick circular tour is unlikely to take less than a week if you are to see anything at all. The mountains are ruggedly spectacular, the little towns charming, and the fields green and pleasant, but Sardinia is a place for its atmosphere rather than its sights. Pick a corner of the island and stay there.

The northern strip is particularly attractive, not only for its



The Costa Smeralda, Sardinia

physical features, but also because you can make side trips to the small but sophisticated Sardinian island of La Maddalena, or to Corsica and, if you are not staying there, you can cruise the sybaritic delights of the Costa Smeralda.

For other than the totally blinkered tourist a car is an essential, if only for shopping and restaurant trips, but there are plenty of fly-drive and package tours including car rental available.

My own memories of Sardinia are of days of sheer self-

indulgent laziness; of brief dips in tiny rocky inlets; of too much wine; and of glorious long summer evenings just sitting out on a balcony watching and listening to village life. It is not a place for the culture vultures, and the over-energetic would have to make do with such pleasures as the sea can offer. But it is a great place to switch off and, these days, could ask for much more.

Further information: Magic of Sardinia, Russell Chambers, Covent Garden, London WC2 8AW.

A preview of the gardener's mecca, the Chelsea Flower Show, which starts next Tuesday at 8 a.m.

A promise of exceptional quality

NEXT TUESDAY at 8 a.m. the gates of the Royal Hospital Grounds, Chelsea, will open for the 61st flower show to be held there by the Royal Horticultural Society. It is usually possible to get some foretaste of the quality of this great horticultural event from the two or three RHS shows held prior to it in the society's own halls in Westminster and this year all

these shows have been exceptionally good.

But of course there are many things at Chelsea which it would be physically impossible to get into either of the Westminster halls. Some are full-scale gardens made outdoors either in the main avenue beside the great 31 acre marquee which shelters many of the exhibits or on the rock garden bank

beside the Chelsea Embankment. Most of the usual exhibitors have been at work again these past few weeks and there is an entirely new and novel garden from an American organisation called "Percen-tenary Garden Collaborative." The idea of this is to show something of the interchange of plants between America and Britain and this is being done partly with living material used to suggest the meeting point between a north-eastern American forest and a meadow, partly with panels showing plant explorers, their patrons and the effect of their introduction on British gardens.

Another novel exhibit is a small garden, 55 by 35 ft, designed to display five pieces of contemporary Italian and Japanese sculpture each piece placed against an appropriate background of plants. The design is by Proben Jakobsen and construction by C. M. Brophy and it occupies a Chelsea Embankment site.

Within the marquee Notcutts Nurseries are repeating the series of linked walled enclosures used so successfully last year to display a wide range of climbing plants growing in a natural way. There are aspects for both shade and sun lovers and the exhibit is even larger this year to make room for some new material.

Visitors with sheltered courtyards should not miss the best variety of fremontodendron (we used to call it fremontia) named Californian Glory nor the deliciously scented Trachelospermum jasminoides, an evergreen climber which is on the borderline of hardiness.

Many of the flowers and flowering plants shown at Chelsea are weeds, or even months ahead of time thanks to careful forcing but some have actually been held back for the show. This is true of many of the small early flowering bulbs that will be shown by Avon Bulbs and Broadleigh Gardens amongst others and I am looking forward to seeing once

GARDENING

ARTHUR HELLER

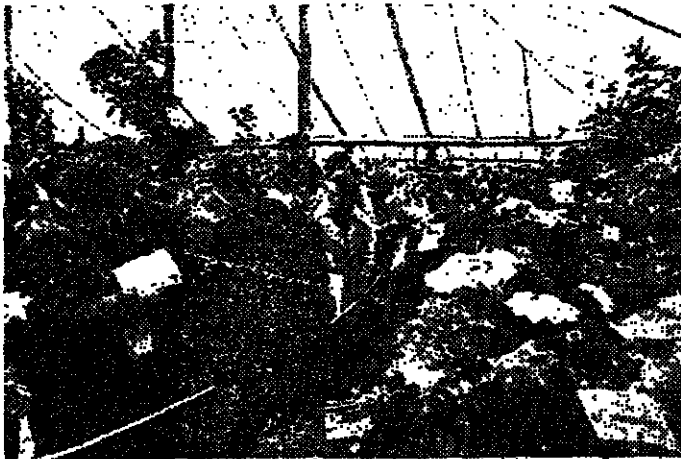
again some of the delightful fritillarias, bulbous irises, small daffodils, unusual grape hyacinths and snowdrops that have been delighting us at the Westminster shows.

There has also been a foretaste of the quality of some of the new roses including Mountbatten which has been voted "Rose of the Year" by British rose growers. It is a light yellow floribunda which has already proved its value as a cut flower (it was used at the royal wedding last year) and has all the appearance of being a good garden rose. It is being shown by the raisers, R. Hartness and Co, which also has a Pat Dickson newcomer named Shona, a coral pink low growing floribunda of a type for which there seems to be a growing demand.

John Matlock has several newcomers including two miniatures, a scarlet rose appropriately called Chelsea Pensioner and a bright yellow one called Benson and Hedges Special. To meet what is expected to be a large demand for this last variety it is being increased by The House of Rochford in its up-to-date micro propagation unit.

Rochford is also staging one of its spectacular exhibits of indoor plants and is making a feature of a little known and very free flowering wax flower from Malacca named Hoya multiflora.

Bressingham Gardens has two quite separate exhibits one outdoors on the Embankment site of dwarf conifers, the other in the marquee of hardy plants. There will be plenty that is new in both these exhibits including a yellow-leaved dwarf pine named Pinus contorta Prisan Gold and a crimson variety of Dicentra eximia much like



Adrian Bloom in colour but with a longer flowering season.

I am particularly pleased that the strain of Iceland poppy named Constance Finnis is being shown by Jacksons of Reigate which is marketing seeds and plants for the first time. Ever since I first saw this selection some years ago it has seemed to me to be the best Iceland poppy available. Though in favourable circumstances it is perennial it is best grown as a hardy biennial.

Vegetables were once a regular feature of Chelsea but we have not seen much of them in recent years except in the splendid exhibit of the National Farmers' Union and the more educational exhibits of Fisons. This year they will be joined by S. E. Marshall and Co, showing its Giant Pen onion grown from sets, a disease-resistant tomato named Piranto, various small vegetables suitable for growing in window boxes and a new method of germinating seeds in slabs of polystyrene moulded into a number of cells which can be stood on a window sill or in a greenhouse or frame.

This year that very skilful amateur L. Maurice Mason is staging a large exhibit of greenhouse ferns many of which he has collected himself during his plant hunting journeys abroad. I understand that there will be upwards of 200 varieties which must be some kind of record

for this rather neglected type of plant.

Right on cue Faith and Geoff Whitten, who are making a small ornamental garden to show what can be done in very limited space, have also produced a book about the show which will be on sale there. The Chelsea Flower Show (Elm Tree Book, £8.95) is rather more than its name implies since it is a brief but highly readable account of the development of the Royal Horticultural Society from its birth in Mr Hatchard's Piccadilly bookshop in 1804 to the present day.

The first show in the Royal Hospital grounds was held in 1912 but, though suggested and supported by the RHS it was organised by a special committee which grew into a limited company.

The show was known as the Royal International Horticultural Exhibition and was so successful that the RHS decided to transfer its own spring show from the Temple Gardens to Chelsea where it has been held ever since.

This is a well written book profusely illustrated with old and new pictures and I thoroughly recommend it to all those who have seen Chelsea and also to those who would like to do so but have never had the opportunity. It does manage to capture some of the excitement of the event.

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BOOKS

Graves—a life of reckless dedication to the Muse

BY GEORGE WATSON

Robert Graves: his life and works
by Martin Seymour-Smith.
Hutchinson, £14.95, 608 pages

In Broken Images: selected letters of Robert Graves 1914-1946
edited by Paul O'Prey. Hutchinson, £12.95, 372 pages

By dint of longevity, if nothing else, Robert Graves is by now the senior poet of the English tongue, death having robbed him of all competitors on either side of the Atlantic. Born in 1895, and mainly resident in Spain since 1929, he is by now equally a voice of past and present too. Martin Seymour-Smith has known him since he was 14, when he sent him some poems, and he wrote the first monograph on Graves as long ago as 1956; now he has bravely decided to write and publish a massive life while his subject yet lives.

The result is admiring but unsympathetic. "The foremost English love-poet of this century," he calls him challengingly, "and probably of the two preceding ones, too." A slap at Yeats, that I presume, and a reminder of how much the

novel has usurped the field of romance since the mid-18th century, when love moved from verse to prose. The claim is a big one, all the same, and we shall need time to think about it. Here, meanwhile, is a fat new life that is abundantly, even scandalously informative. If at times diffuse, and one that excels above all at recounting the quarrels of the famous. Add Mr O'Prey's companion volume, a selection of 199 letters down to 1946 with interlinking narratives produced in co-operation, and it is clear that the great doyen of English verse is back in the limelight.

Graves has always seen himself as an iconoclast, "a literary nuisance." The truth is more complicated than that. Given as he is to romancing as well as to romance, it is a question of continuing interest how far his own accounts of events are to be credited. Mr O'Prey calls him "an honest, witty and consistent autobiographer," but the letters he prints suggest a fidelity to spirit rather than to details. In private and in public, Graves has always admired and practised gusto. To that extent the letters support the life. Mr Seymour-Smith starts his biography at the beginning,

in Victorian Wimbledon and Edwardian Charterhouse, and like all good biographers he commands the power to surprise. A priggish youth bullied at school and worried about homosexuality, and a virgin till his wedding-night: all this might not easily have been guessed. Then Oxford, or its promise, which (remembering Charterhouse) Graves dreaded so much that the 1914 war looked like a welcome escape; followed by undergraduate life, marriage to Ben Nicholson's shrilly feminist sister, and a brief chair of Latin at Cairo.

In Egypt he was far from alone. Laura Riding, a New York divorcee whom he had met only a week earlier, accompanied the whole family to Cairo and back to London again. After her suicide attempt out of a fourth-floor window in Hammersmith in 1929, remarking "Goodbye, chaps" (Graves, who had not taken lyso, as she had, followed her more prudently down to the pavement out of a third-floor window), the two fled to Majorca at Gertrude Stein's suggestion, to pursue a long literary collaboration that produced not only his best poems and hers, but a pile of fiction and criticism as well.

Some inhibitions must always arise in writing the lives of the living or in editing their papers. For a biographer, dead man has no fellow, or dead woman either. The letters now edited here omit Graves's parents, his first wife, Lawrence of Arabia and Laura Riding, his early letters to her having been destroyed. Mr Seymour-Smith, who has known his subject well for nearly 40 years, has none the less taken his chances with both hands and set caution to the winds. He has used Graves's diary of 1935-39, enjoyed the active help of Mrs Beryl Graves, and seems generally buoyed up by the hope that the anti-Modernist tradition of English poetry in this century at last deserves a revival. That is an old issue. In a 1948 letter to Eliot, Graves felt reluctantly obliged to tell him that he had never felt able to regard Ezra Pound as a poet, and declined to help Pound by signing a plea for clemency at the time of his treason-trial.

"The great enemy," I once heard him remark of Pound, "Elmer and Stevens." "Is this Franco-American thing?" Free verse gets no credit in this new biography, which boldly

calls Graves "the finest and most versatile traditionalist technician" of the century, leaving Thomas Hardy oddly out of account. But after all, it is Graves's lifelong passion for metrical tidiness that now needs to be looked at squarely, sources and all, and not least his early devotion to the idea of adapting Welsh and Latin metres into English.

My own guess is that Graves has been the best Latinising poet in English in our times: a sort of Ben Jonson to Eliot's Donne. But he has been too consistently personal, and above all too intensely amorous, to make that comparison stick. "You can only write poetry if you are in love," I once heard him remark, explaining why he had stopped. Mr Seymour-Smith calls it all "existential poetry," meaning that it was always about something happening to the poet at the time. The Latin tradition of Catullus and Horace, which Graves admired for so long and taught so briefly, is surely less self-centred than that.

Perhaps Graves's own word "reckless" fits his muse best. He applied it once to his war memoirs, *Good-bye to All That* (1929), which he wrote after the Hammersmith jump, partly

to make money and partly to stop himself from going crazy—it did both—and some will always think it his best book. Its title perhaps an echo of "Goodbye chaps." But it was hardly meant to be his best.

His letters, too, are lively to the point of recklessness. Hammersmith itself has seldom been so lively as in April 1929. I suspect, when neighbours watched two poets exploding out of upper windows and hitting the pavement in varying postures. There is certainly no lack of pace in either of these books. The trouble is that Graves has always offered himself to the world, above all, as a maker of poems that will last. Will he be remembered longer for his prose, one wonders, such as the Claudius novels that lately entertained millions on television, than as a bard? That, if true, might be an irony he would fail to enjoy.

Meanwhile, even after two new books, the unanswered questions remain. His study of his friend Lawrence of Arabia, and *Good-bye to All That*, strike one as almost martial and patriotic books now, though their author has somehow acquired a reputation for

having been anti-war at the time. His private life, as unveiled here, turns out to have been an engaging mixture of the bohemian and the domestic. His scholarship is wide but wild. I suspect that even without his cranky ideas about Dickens (whose *Copperfield* he once tried to improve), Milton's married life, white goddesses, Greek myths, and Omar Khayyam, we might still find Graves's genius too imprudent, and above all too close and too recent, to decipher all at once and as a whole.

His letters are hasty, if revealing; his public writings, at times, hardly less so. He has produced such an awful lot since the age of 13, in over 70 years; and when he began writing, Edward VII was King and Campbell-Bannerman Prime Minister. "I continue slow and sharp in my broken images" is a line from one of his poems that gives Mr O'Prey the title for his selected letters. Broken images is about right. These are poems that somehow look much better printed singly in journals than collected into books, and they are perhaps a best read heading too: reckless.



This detail from a photograph of Robert Graves, by Bill Brandt in 1941, is taken from "Bill Brandt: Portraits" (Gordon Fraser, £19.50), a new album of photographs of writers and artists taken by Mr Brandt over the past 40 years. It coincides with the exhibition of his work currently on view at the National Portrait Gallery.

and unrevisable incursions into that recurring ardency for which he has failed to find a better name than love.

Scots village sports

BY ADAM MARS-JONES

A Field Full Of Folk
by Iain Crichton Smith. Gollancz, £6.95, 144 pages

Providence
by Anita Brookner. Jonathan Cape, £6.95, 153 pages

Against The Stream
by James Hanley. Andre Deutsch, £6.95, 256 pages

Love-Act
by M. E. Austen. Jonathan Cape, £6.50, 182 pages

Getting It Right
by Elizabeth Jane Howard. Hamish Hamilton, £7.95, 264 pages

By a short head the most accomplished novel published this week is Iain Crichton Smith's *A Field Full Of Folk*, a lively portrait of a Scottish village. If there is a central character it is the Minister, who suffers from cancer and from loss of faith, though he is unable to discover a connection between his afflictions; but the whole community is summoned up, in scenes of vivid brevity.

There are conformists, like a retired postman who boasts that he never entrusted a letter to anyone but the addressee, going down to the fields to find his quarry if need be; and there are rebels, like Chrissie who ran away to Glasgow, taking only her radio, and throwing away her wedding ring on the way to the station.

All the strands come together on the day of the village sports. The big world interrupts with the news that Morag Bheag's son has been killed in Northern Ireland, but the community somehow survives the blow and consoles the bereaved mother. The Minister, for his part, has a vision of ecstatic final meaning; he sees the village as a subtle structure like a spider's web on a summer's day, "the spider existing on the justice of heaven." And if the words into which this vision percolates are less than perfectly illuminating, "we are each in the care of the other," this says more about ecstatic final meaning than about Mr Crichton Smith's subtly structured prose. Hardly less fine is Anita

Brookner's *Providence*, though it is flawed at beginning and end. The book's distinctive tone, lucid and delicate, which stays very close to its heroine without losing focus on the world around her, takes a chapter or two to make itself felt, and the happy balance is lost again in the final chapter, where Kitty Maule's hopes of marriage are shown to be deluded. By this time the reader has come to trust Kitty's instincts as well as her intelligence, and the effect of seeing a rather original character suffer a stock humiliation is shocking in the wrong way; it is almost as if the author underestimates her creature.

But there is much to enjoy in the interim. Kitty's absorbed, innocent seriousness is beautifully apparent in her relationships with her students, and with the colleague whose love she seeks to earn; it is refreshing to read a book which treats a graduate seminar as a potentially intense and dramatic event. To Kitty Maule, we are told, "reading interrupted by kissing and followed by death seemed an entirely

natural progression." It is much to Anita Brookner's credit that such a character seems neither bookish nor sentimental nor morbid.

James Hanley's *Against The Stream* is a welcome reissue of the book published as *The House In The Valley* in 1951. It tells the story of an elderly family living in the country, whose genteel isolation is disrupted by the arrival of a six-year-old boy, son of the family's runaway daughter. The style of the book (reminiscent of Henry Green) is correspondingly a mixture of repose and local excitement, with eccentric word-choices disrupting the stately paragraphs, and sentences which are somehow both casual and rhetorical in their cadence.

M. E. Austen's *Love-Act* is a first novel told from the point of view of a prostitute hired by an obsessive to re-enact a thwarted love-affair. The heroine's vocabulary is improbably large, and there is a strong whiff of early John Fowles about the book's concern with manipulation, free will, acting and reality; but by



Anita Brookner: seminal seminar

and large the point of view convinces. That is, after all, the acid test.

It is a test failed, alas, by Elizabeth Jane Howard's *Getting It Right*, a comic novel for which everything goes wrong. The heroine, a virgin, has a dresser with phobia about life, but he never engages the reader's attention with his problems; only with hair is he eloquent or interesting; and he should leave life severely alone.

Terror in Tehran

BY IAN DAVIDSON

America Held Hostage
by Pierre Salinger. Andre Deutsch, £10.95, 346 pages

So buffeted are we by the press of crises of one kind and another, that even quite recent dramas already seem about as exciting as cold porridge. The affair of the American embassy hostages in Tehran is a case in point: the world was on tenterhooks for 444 days, because no one could predict what fate they might suffer under the revolutionary regime in Iran, but since we know that they were not slaughtered and were eventually freed, it is hard to believe that their drama ended barely 16 months ago, so distant does it now seem.

Pierre Salinger, at one time President Kennedy's press secretary but in real life a working journalist, has done his best to recreate the excitement of those 14 months. At the time, and from the outside, it sometimes seemed as if the main American contribution to a solution of the crisis, after a freezing of the Iranian assets, was the exercise of prayer and patience. But Mr Salinger shows, in his detailed

narrative of events, to which he had in some respects very privileged access, that a great deal of negotiating activity was going on from beginning to end.

Or rather, that a great deal of activity was going on, largely with the participation of unpaid and unofficial intermediaries—a left-wing French lawyer, an Egyptian journalist, a German ambassador—but that effective negotiations did not really start until, after nine months, the Shah died in a Cairo military hospital. Within a month, the Ayatollah Khomeini was indicating that he was ready to look for a settlement, and thereafter the settlement, though repeatedly beset by alarms and excursions, came fairly quickly.

As a read, *America Held Hostage* suffers from many of the drawbacks of this kind of journalistic re-creation. On the one hand, there is nothing particularly interesting about a detailed record of telephone calls, rendez-vous in hotel bedrooms, meetings, when the activity is patently achieving nothing; on the other, Mr Salinger's attempt to inject vividness by the use of oratio recta in scenes where he could not have been present

raises questions about the appropriateness of poetic licence. Nevertheless, there is a ghastly fascination about a story which offers so many parallels with the current Falklands crisis: a régime in which the rulers are divided, violent and unpredictable; a failure of a western power to make a proper assessment of its intelligence; an act of anti-western aggression by the régime; economic and financial sanctions against the régime; the resignations of Vance and Carrington; the resort to military force.

But perhaps the most striking lesson of the Salinger story is the way in which the Americans persistently pinned their faith on the wrong interlocutors in Iran—the westernised civilian politicians Bani-Sadr and Ghotbzadeh after the changes of régime, the Shah before his exile—when it should have been obvious that the real sources of power had moved or were moving elsewhere. They totally misunderstood the Iranians, just as the Iranians totally misunderstood them. Has Britain been basing its policy on relations with Mr Costa Mendez, when real power, even if divided, lies elsewhere?

Powell time

BY ANTHONY CURTIS

The Strangers All Are Gone: Volume Four of To Keep The Ball Rolling
by Anthony Powell. Heinemann, £9.50, 208 pages

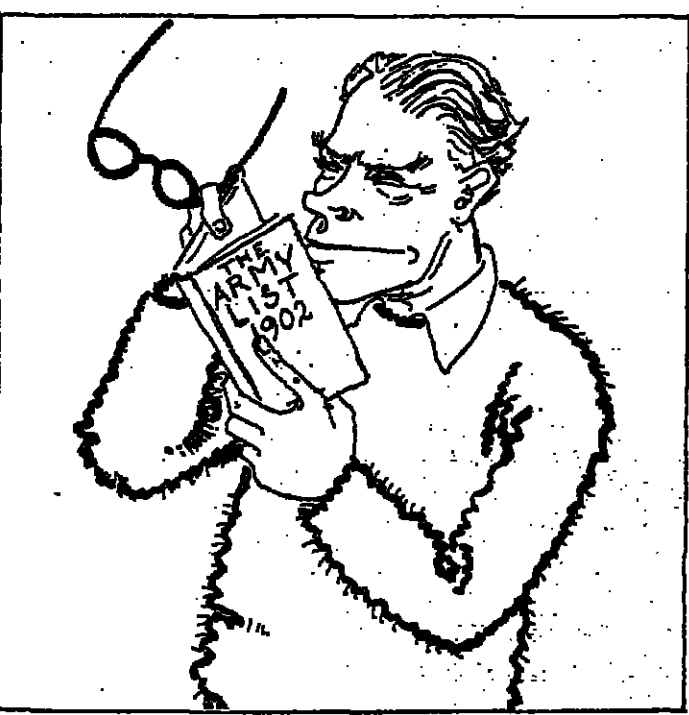
Anthony Powell is the poet of coincidence. His novel sequence in 12 volumes is based on the principle that events with no logical or causal connection continually form coincidental patterns in the mind of a single individual. Hence the feeling one has that when reading a book by Powell, one is reading all the others at the same time (a feeling that distresses some of his readers). Hence his obsession with lineage and pedigree (the study of genetic coincidence).

The decision to organise a massive roman-fare around the principle of coincidence was a greatly daring one which seems to have justified itself artistically, but does coincidence serve as well for a volume of memoirs?

No doubt life is full of coincidences, especially once you start to look for them, but somehow they do not arrive in the memoirs with the same ease as they occur in the novels. The writer seems to have to force them along: "Like Maclaren-Ross (though I imagine on a larger scale) Donaldson came from a shipping family..." he writes about the perpetrator of Henry Root. The underlay here, as one says of carpets, of one person ally beneath a totally different one, serves not to illuminate either, but to give the text an air of extraneous padding. This is also true of continual referrals in the earlier part of this volume to other volumes of the Memoirs, and to the novels,

with short titles printed in brackets after them. However, if a writer may try to break life down into coincidental patterns it does have to be lived chronologically; thus in recalling his past years Mr Powell is forced to give a hazy sense of the progression of historical time to which his readers may cling. Or, as the blurb cautiously puts it, "this fourth and last volume... begins about the year 1952 and continues more or less to the present day."

During that period Mr Powell not only wrote *A Dance to the Music of Time*, he also removed himself from London and went to live in the country. There is an agreeable description here of his house, The Chantry, and of visits to eccentric neighbours such as Siegfried Sassoon. He made the acquaintance during this period of novelists of a later vintage than his own, such as Kingsley Amis and Alison Laurie, of whom there are perceptive vignettes. He had a play performed, permitting him to expatiate here about the theatre, and he served under Malcolm Muggeridge as Literary Editor of the *Punch*. I found his chapter on the *Punch*, where he was to be met every night of the week from about seven o'clock onwards. Mr Powell appears never to have seen him in this setting, and seems therefore to be unacquainted with Maclaren-Ross's chief nocturnal avocation, the game of Spoff, an elimination game played with matches. It was through his preternatural aptitude for guessing the exact number of matches concealed in his adversary's hand that Maclaren-Ross subverted his expenditure on his habitual potato, tomato-



Anthony Powell—a detail from Osbert Lancaster's drawing

juice laced with gin. Mr Powell knew him either as a visitor to the *Punch* office where he was rather a nuisance, or during one of his rare forays to a literary dinner-party. Mr Powell arranged one of these, involving the first meeting between Maclaren-Ross and Henry Green. According to Mr Powell the dinner was not a success: "I received a different impression from Maclaren-Ross when I questioned him about it afterwards. He tended to assess every new situation in terms of Hollywood, and to my enquiry, 'What is Henry Green like?' he replied, 'Oh just like Ray Milland.'" Subsequent conversations with Green revealed that he did have some respect for Maclaren-Ross's work, and was particularly appreciative of his long anonymous review of *Concluding in the TLS*.

The other two are by Walter Allen and Dan Davin. It must be said that Mr Davin's, in *Closing Times*, is much the most penetrating. To know Maclaren-Ross at all well you really had to hear him in his den. This was The Wheatsheaf Tavern, Rathbone Place, W.1, where he was to be met every night of the week from about seven o'clock onwards. Mr Powell appears never to have seen him in this setting, and seems therefore to be unacquainted with Maclaren-Ross's chief nocturnal avocation, the game of Spoff, an elimination game played with matches. It was through his preternatural aptitude for guessing the exact number of matches concealed in his adversary's hand that Maclaren-Ross subverted his expenditure on his habitual potato, tomato-

Hollywood bowler

BY COLLEEN TOOMEY

Sir Aubrey: A Biography of C. Aubrey Smith
by David Rayvern Allen. Elm Tree Books, £12.50, 172 pages

"Born to smell of tobacco and Harris tweeds and to wave portentous eyebrows," hardly seems the magic formula to provide an actor with either a lengthy, or a brilliant, career. But Sir Aubrey Smith became famous on just that image.

His acting career spanned 100 stage plays in London's West End and on Broadway. He acted with the likes of Mrs Pat-

rick Campbell, Sir Charles Hawtry, and Ellen Terry, and was warmly praised by a young dramatic critic called Bernard Shaw.

Then, "down and out and 60" as he put it, Charles Aubrey Smith crossed the Atlantic and stamped his image on 100 films. He starred as Colonel Julian in *Rebecca* with Laurence Olivier and Joan Fontaine ("Ah Mithsh Daversh, won't you shut down"), and in the classic version of the *Prisoner of Zenda* with Ronald Coleman and David Niven (who called Sir Aubrey "sir" long before George VI belatedly gave him

his knighthood).

Even before Sir Aubrey tramped the boards in London or made his mark in Tinseltown, he had already seen off another successful career. As a cricketer he was the sports equivalent of a box office hit. He captained the *Shaw* and *Shrewsbury* side to Australia, then led the pioneer English cricket team to South Africa. W. G. Grace chose "Round the Corner Smith" to bowl for his team. Sir Aubrey was still batting, right to the end. He died in 1948, aged 84.

Certainly he packed a vast range of experiences into his

life. And Sir Aubrey's biographer, David Rayvern Allen, has packed substantial information into this first biography of the man. It is a well-researched account of Charles Aubrey Smith's professional life.

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HOW TO SPEND IT

by Lucia van der Post



Pictured left is the Athena whirlpool bath from the Jacuzzi Centre while above is a Twyford's bath filled with its own whirlpool system

Blowing bubbles

YOU MAY think that you can do very nicely without a whirlpool bath. After all, we've all survived these many years without even knowing we wanted one. There is a lurking feeling that to indulge in this kind of plaything for the rich would really be "spending it" with a vengeance. However, I can assure you that all the talk in bathroom circles is of the expanding craze for the bath with the bubbles.

What exactly, I can hear you ask, is a whirlpool bath? Most of us are afflicted with a vague sense of unease when we consider the notion. We recall pictures glimpsed in American magazines of bathbubblers of laughing people with the froth and bubbles so cleverly deployed that we aren't entirely sure if the occupants are clothed or unclothed. We think of it as a toy for characters from Harold Robbins novels and aren't entirely sure if its prime function is pleasure, hygiene or health.

In brief, a whirlpool bath is a bath into which jets propel a mixture of water and air at high pressure thus creating the whirlpool effect. The benefits claimed from this hydro-massage range from quasi-medical ones like the relief of back pain and arthritis through to less specific ones like the easing of bodily strain on those playing sport or gardening and the lessening of stress for those thus afflicted. Certainly, it is true that many health spas, beauty institutes and physiotherapy units are taking them up.

But besides the medical benefits the whirlpool bath is also meant to be for fun and leisure and in America large outdoor ones in which friends and family can relax and enjoy themselves are not exactly commonplace but are certainly

sought-after. The most famous of the whirlpool names, for the very good reason that it was the first, is the Jacuzzi. Indeed so famous is the name that it is usually used quite erroneously as the generic term, rather in the way that Hoover and Kleenex have been used indiscriminately to describe a whole group of products, some of them made by their most serious rivals.

A certain Signor Jacuzzi, an Italian immigrant to the U.S., had the simple but brilliant idea of taking the venturi tube (more mechanically-minded people than I tell me this is an essential but simple device fundamental to the running of any car) and applying it to the bathtub. Over the years this notion has, of course, been refined and nowadays there are controls to adjust jets for direction and pressure, as well as adjustments for air to water ratio and computer controlled models are under way.

Jacuzzis have been available in this country for some time but on May 21 at 157-158 Sloane Street, London SW1 a Jacuzzi Centre will be opened which aims to make the concept of the Jacuzzi much more widely known. The press release describes it as the first "water-for-pleasure" showroom and certainly it will have some unique features.

For instance the complete range of Jacuzzi baths will be on show. Then there will be a private room in which any potential customer can experience the Jacuzzi for him or herself. Besides selling the standard models and offering to install the chosen model and design its surrounding, there will also be a special custom design service for those who want Jacuzzis of a singular size,

shape or design.

Jacuzzi divides its tubs into two chief sections. Firstly, there are what it describes as bath-tubs—these are known as "Fill 'n' drain," which means what it says, that you fill them up, get in them, indulge in your hydro-massage, have a good wash and then empty them. These tend to be the smaller models. Spas on the other hand are intended primarily for hydro-massage, for leisure and relaxation, are not emptied (except occasionally) and should not be used for such mundane activities as washing. The spas are kept filled and warm and the running costs are much the same as those of a heated swimming pool. The basic costs are the heating and the cost of the chemicals to keep the water clean.

At the Sloane Street centre there will be four bathtubs (from the standard 54 ft model upwards) and five spas on show, several of them in full working order. The cheapest bathtubs cost about £1,600 and the spas start at about £3,500. Installation costs are extra and are not much more than the cost of putting in a bath.

The problem of VAT is a little obscure with the Jacuzzi Centre only committing itself to this statement: "Spas incorporated in new buildings, house extensions, and conservatories may be VAT zero-rated."

However, Jacuzzi is by no means the only company selling whirlpool baths. Most of the new breed of plush bathroom showrooms and centres that are beginning to spring up sell several versions and when Twyford's launched a range of three baths with the option of a whirlpool system attachment at the Ideal Home Show in

March, the interest was phenomenal.

The Twyford's system allows the customer to choose any number of jets set at the intervals the customer requires. The jets swivel and the intensity of the jet can be varied by means of an air controller dial. The three baths offering the whirlpool option are the York (£175), the Montrose (£604) and the Debut (£757) and the additional cost of the system would be between £400 and £500 depending upon the number of jets chosen and the choice of material (plastic, chrome-plated brass or gold-plated brass).

Some of the most splendid baths that I have seen recently are those made by the Italian firm of Teuco. For those who have a highly developed sense of design, who fancy baths of large and ample proportions Teuco produces a marvellous square design (most spectacular in red) which allows two people to wallow, either sitting or reclining, so that both can enjoy the hydro-massage. Teuco baths (with price of material, plastic, chrome-plated brass or gold-plated brass) included) start at about £1,000 for the smallest version and go up to about £8,000. For further details on Teuco design there is a showroom at the head office at Unit 3, Mitcham Industrial Estate, 85 Streatham Road, Mitcham, that readers are welcome to visit.

Plush Flush of 27 Sackville Street, London W1X 1DA has long been promoting the idea of lush, plush bathrooms and will sell any one of its baths in any one of 4,000 (yes, thousands) colours—though you may have to wait a while if the colour is very abstruse.

It offers round baths, square ones, ones for one, two, three or

four people, it offers ones with head-rests, with steps, with seats and all of them, too, can have hydro-massage (in this case the WaterJet system) incorporated. At Plush Flush, Peter Gurner, its leading light, tells me that the WaterJet system is selling amazingly well—one in every three of the baths he sells now has the system incorporated. Besides selling its own baths Plush Flush will also fit your own existing bath with the WaterJet system—this involves the bath being removed for at least two weeks for the necessary work. For a new bath complete with WaterJet system prices start at about £1,700.

Finally, one boring but essential matter needs to be mentioned—all hydro-massage systems should conform to the Institute of Electrical Engineers' new standards for electrical safety which comes into force in January 1983, so if you're buying one check that you aren't buying one of the early models that were imported direct from the U.S., which required a transformer to alter the voltage.

HOW TO NAME IT

REGULAR READERS will by now be familiar with the saga of whether or not we should change the title of this page. It all began some weeks ago with a letter from a reader who felt that "How To Spend It" as a title filled him with exasperation. He felt it to be "inappropriate to our time, vulgar and an affront."

Over the years in this office the title has been questioned from time to time but it was never changed. Why not? Because nobody has ever come up with an alternative that is anything like as all-embracing, as comprehensive or as straightforwardly descriptive of what the page is all about.

However, it seemed to me a good idea to throw open the whole question to our readers and see what all of you thought about it. We invited you to write in and tell us and offered as an incentive a mugshot of champagne to any reader who came up with a better suggestion for a title.

You wrote in in your hundreds and I would like to say how immensely grateful I am to you all—friends and foes alike—for taking the trouble to write. Most of you, after a quick glance at the top of the page, will already have realised that we have, after all, decided to stick with HTSI.

It was not that the original letter-writer had no support, but that the support was really very small indeed. Perhaps the letter from Martin Evans of Cambridge put that point of view best when he wrote: "I am not a bit surprised that the FT has received letters critical of the caption How To Spend It."

"In earlier years, when there was scarcely a shilling to spare for luxuries and it was a struggle to keep within my income on necessities alone, the title used to infuriate me even though the text was often of interest. The title seemed to imply that the envied rich were so feather-brained as to be

incapable of disposing of their surplus cash without being prompted!"

However, letters in that vein were few and far between. The support for the title as it stands was overwhelming. Mrs. Thompson of Cardiff perhaps best summed up the feelings of many of you. "The affront! Can't we spend our money without being thought vulgar? I like your all-embracing title How To Spend It I suggest you keep it. However, if you insist on changing the title in order to appease the author of the letter may I propose Guilt Investments."

The readers who touched me most were those who bothered to put pen to paper, search out a stamp and write in with no attempt to win the champagne but simply to say "Keep It." Like Avis Furness of Henley-on-Thames who wrote: "What is wrong with How To Spend It? Once we have acquired the stuff what else are we going to do but spend it—that's what it's for! Those who are saying it are only doing so so that they can spend larger quantities of it at a later date. Keep the title—at least it's honest."

David Gunn of Hampshire said, "Don't change your page name under any circumstances. I saw that letter and wondered how many tens of thousands of readers disagreed with it as much as I did. Remember, we're the ones who don't write because we like it."

Some of you were moved to verse, like Mr. Burnet of Essex. The proposal to change How To Spend It leaves us gasping and asks us to send it a new name or a phrase, but we're all in a daze, through racking our brains—Let's defend it!"

Some readers sent in suggestions complete with artwork like Mr. Binding of Avon, who proposed "Look Out" flanked by two very lively hand-drawn eyes. Then there

was "How to fess your marbles" by Lucia van der Post.

Other suggestions ranged from the jokey like Keeping up with the Joneses ("Can you imagine," said my secretary, "answering the phone with 'Keeping up with the Joneses here' to You Can't Take It With You. Many suggested titles failed the telephone test—On the Spree. Hole-burning Department. Fads and Fancies. Fall Guys Page. Waving Your Profits Goodbye and countless others.

Titles like Baubles, Bangles and Beads. The Spoils of Your Toil, Spend, Spend, Spend (what would the original letter-writer say to that?). The Flipside of Economics didn't, somehow, seem quite to do the job. There were lots of very sensible suggestions—things like Consuming Interest, Pennywise, Buy the Way, Consuming Pleasures, Money-go-round. But the more we thought about it the more we preferred How To Spend It.

So, what to do with the mugshot of champagne? I have decided to send one bottle to Miss J. Holland of Powys for the suggestion that all of us in the office most liked—Saturday Serendipity. It seemed to all of us here to have great charm as a title and we mused over it long and hard before in the end turning again to HTSI.

Another mugshot will go to Miss G. M. Thompson, of Blackheath, London, who succinctly and pertinently expressed the views of almost all the readers who wrote in favour of the existing title.

"Please do not change the title of your correspondent's weekly article," she wrote. "Most of one's money is hard-earned, therefore what is wrong with having guidance... on how to spend it?... I had always understood that money was meant to circulate so how can it be an affront to spend it. Even luxuries, which form a relatively small proportion of the items mentioned, are providing someone with a living."

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INTERIM STATEMENT

The Directors of M. J. Gleeson Group plc announce the following unaudited results of the Group for the half-year ended 31st December 1981:—

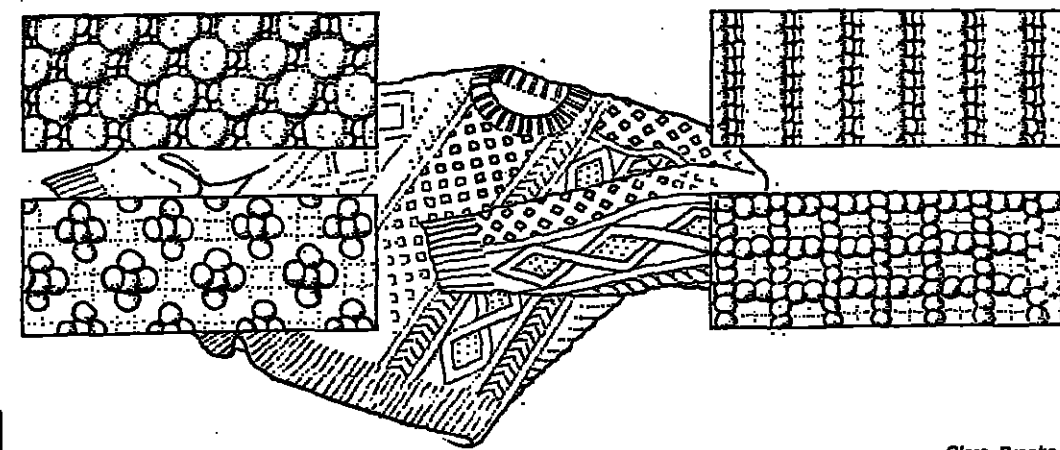
	Half-year ended 31 December 1981	Half-year ended 31st December 1980	as restated	as previously reported
Turnover	£23m	£29m		
Profit before taxation	£800s	£800s	£800s	£800s
Less: Taxation	47	43	465	122
Profit after taxation	636	422	343	343
Earnings per share	6.36p	4.22p	3.43p	3.43p

The above figures confirm the expected improvement in profit despite the lower turnover, reflecting the increasingly important contribution to Group profit from non-trading sources of income, viz. rents and interest receivable. The taxation charge comprises only the advance corporation tax relating to the interim dividend in accordance with the already adopted change in the accounting policy for deferred taxation, and the previously reported figures for the half-year ended 31st December 1980 have been restated accordingly.

In view of the higher figure of profit after tax and the significant proportion thereof derived from non-trading sources of non-trading income, the Board has decided to increase the interim dividend to £110,000 (10% more than last year) by paying an interim dividend on the 2nd day of July 1982 of 1.1 pence per share to shareholders on the register at the close of business on the 11th day of June 1982.

Regarding current trading and future prospects, it is to be expected that the lower levels of turnover now reported will also be reflected in the accounts for the year ending 30th June 1982. An improvement in the order book position, however, encourages the Board to believe that a gradual return to higher levels of turnover may be attainable in 1982/83. The Group's profit prospect is also considerably enhanced by the recently concluded agreement with the Distillers Company (Food Group Services) Limited and their Surrey The Distillers Company p.l.c. for a long-term lease of Cloonmore House at an initial rental of £280,000 p.a. payable from 25th June 1982; the successful letting of this property will also feature prominently in the substantial surplus expected to arise on the professional revaluation of the Group's completed properties to be made at 30th June 1982.

IRISH CREAM



ANYBODY who is tempted to curl a lip at the thought of patterned carpets should now think again. Fresh from the looms of that clever Irish flooring manufacturer Tintaw, comes a luscious new

collection of broadloom carpets and rugs that take that sometimes dreary concept to new frontiers.

The Irish Collection as it's known is in fact quite plain in colour, coming in a choice of three natural shades—ivory, sand and fawn. Self-patterning techniques have been used to reproduce figured designs that take Ireland's favourite sweater, the chunky Aran and old Irish lace patterns as their inspiration. They have a curious 3D effect which makes you want to touch them.

Tintaw explains the influences at work on designer Eileen Ellis, the creator of the collection, in lyrical fashion... "the traditional hand-knits of Aran and the Basket Isles, the exquisite plasterwork of Dublin's 18th century houses... the dour old Norman keeps and castles..."

The entire range is Wilton woven from 100 per cent pure new wool for the toughest wear. There are five figured designs with names like Gal-

way Shear, Dublin Squares and Shannon Shear, which show petit point and traditional hand-knit effects and four semi-plain textured designs (shown here), all of which come in 12 ft broadloom widths. For stairs and custom-fitted borders there is the 3 ft wide Donegal design which has a gently stippled surface—also available in the 12 ft width. The rug collection includes six bordered area rugs in sizes 4 ft x 6 ft; 6 ft x 9 ft; 9 ft x 12 ft, and seven scatter rugs, each measuring 27 in by 54 in.

The broadloom carpet is about £25 a sq yd and the area rugs range from about £72 to £325. Above, the semi-plain textured range of carpets with the Aran feel are Kilmarney (top left), Blarney Castle (bottom left), Cordunay (top right) and Tyrone (bottom right).

Tintaw carpeting is widely available throughout the country but for specific stockists contact Tintaw at Richfield Avenue, Reading, RG1 8NZ (Tel: Reading 6734 56321).

Wonder mousse

ANYBODY with soft, limp hair, the kind that tends to fall straight downwards and never does the interesting things that so many hairstyles seem to demand, might like to know about a new mousse created by Michael John, the hairdresser. It should be sprayed on after

rinsing, when the hair is still wet, and it gives enough body and bounce to the limpest hair to enable it to be blown into a recognisable shape or style. £4.75 from Harrods, Knightsbridge, London SW1 or by post (50p + p) from Michael John, 23a Albemarle Street, W1.

POUR UN HOMME

CARON

IT

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ARTS

Birth and breeding

BY B. A. YOUNG

Goodness, how delicately Professor Halsey and Professor Jensen stepped around one another in their discussion on the *Seeds of Creativity* on Radio 3 on Wednesday! The subject, which I found riveting, was the investigation into why some people are more intelligent than others; and what they had to get down to, sooner or later, was Professor Jensen's conclusion, published in 1969, that blacks are less intelligent than whites.

Example: when black children who had never lived with their natural parents were adopted by upper-middle-class white Americans, their average IQ worked out at 98, while the average IQ of white children in an identical environment was 118-119. Half-black children achieved 106. Professor Jensen got into enough trouble in 1969; we mustn't get him into any more now. Racial differences were no more than individual differences, he said; and the differences don't measure anything, he said. The figures have no political or social implications.

This wasn't the main part of the discussion, which dealt with the ways used to estimate intelligence. I suppose I was firmly caught when they began with identical twins, which is what I am half of. The sad conclusion was that the ideal way to study the problem would be by cross-breeding, as with crops—hardly practical with chaps. The final minutes of the discussion filled me with alarm. Professor Jensen is currently trying to measure intelligence by laboratory tests, through electric potentials from the brain. This way you can measure intelligence without having to measure knowledge. And ultimately it might be possible to discover just whereabouts intelligence lies in the chromosomes. Then, of course, we shall be able to muck about with it. But not I was relieved to learn, in my probable lifetime.

The professors would have been interested in the case of Marie Joseph. She was interviewed by Sue McGregor, some one I'm sure I ought to know about, as the first of a series of eight on Radio 4. Marie Joseph is a novelist, now working on the seventh of her Lancashire books. Her mother died at her birth, whereon her maternal grandmother wrapped her in her shawl and took her to live with her, aged 68. She never knew her father.

At seven years old, she wrote a tale about being a snowdrop. For years that was her only literary achievement. Then in her 20s she began to suffer badly from rheumatoid arthritis. When she was 40, she could barely get out of the house, and she and her husband clubbed together to buy a typewriter to entertain her. As soon as she sat down in front of it, she wanted to write a story. She wrote one, and sold it. She sold some more. When she hit on a bad patch, she decided to write a novel instead. Now she writes them incessantly.

The professors might also have been interested in the five former teenage tearaways in *Five Years*, shepherded back to their old haunts in Milltown by an unnamed shepherd on Radio 4 (though they have featured in a book by Howard and Pip Williamson, which gave me an uncomfortable feeling that there might have been an intrusion of fiction).

Some quotes from Billy, Danny, Chris, Marty and Raymond (a.k.a. Butcher): "There was gunshots down there. It was good then." "They've got nothing else to do." "His shop was never broken into" (the man who sold them "separate" cigarettes, even separate matches). "cos he was respected, wasn't he." "I broke into some places people thought was impenetrable. It comes to you in the end like it was a natural thing to do. I get this sort of feeling that I'll never get caught." About joy-riding in stolen cars: "Something to do wasn't it. Get in there and have a laugh." "The detention centre's harder than prison. Prison is just a big mess about." "It's hard to see you're going straight. You see something."

Most significant of all: "Our parents was the same as us." I thought the programme was absolutely heartbreaking. The Government's attack on BBC news-coverage of the Falkland Islands surprised me. It had not occurred to me that relating the Argentine communications was more treasonable than, say, repeating the latest nonsense from Lord Haw Haw. If it is so, then that admirable programme, *Sir's Confessions*, which presents intercepts of foreign radio programmes, has been treasonable for years. Why, this week they even repeated a Mongolian broadcast that assured the world that the Mongolian public condemns the impudent actions of the British colonialists. I found my morale untouched.

Summer Show

BY WILLIAM PACKER

The Summer Exhibition of the Royal Academy is with us once more, first of that run of fêtes and sports that marks out the English summer for the special time it was always meant to be; and this year even Summer herself appears to have arrived on cue. Indeed, the Academy's more general social aspect and cultural rôle would be a great mistake. Unique amongst art exhibitions in a society that gives the visual arts somewhat less priority, the Summer Show remains for so many people still the one show to be seen as a matter of course, a subliminal, insistent plea that quite transcends controversy and publicity, to say nothing of quality.

The Academy seems to touch a nerve; and to see it in terms of Art only, or going further to regret a careful, dare I say academic or scholarly selection and analysis, it could never apply, is to miss the point. The indistinctness of the members, and the lottery of a mass submission, are strengths quite as much as they are weaknesses. For myself, I might well complain of particular neglect or even injustice here, or wonder at the inexplicable decision there, and always there is proper criticism to make; but I would have it no other way.

This is no revolutionary, nor even particularly experimental year, and there are no especially brilliant moments in the hang to any of the galleries; but that said, the selection is catholic and generous, and though inevitably there are dull passages, the general disposition is sensible. It was a good idea certainly to make over Gallery IV and V to the larger and mostly abstract expressionist paintings, for at that point they inject a salutary change of pace into the show, after the smaller figurative of the early galleries and the more ample portraiture of the sum of Gallery III; and they dispel the aura of wrongs hushed up that in other years would afflict their fellows consigned to the far corners of Gallery VIII. Brian Fielding, Mark Ainsworth, and Robert Clarke all show distinguished examples. In general the predominance of expressionist abstraction is marked, the virtual absence of constructive painting equally so.

The brave high hang along those back galleries is also good to see, for the work for the most part is strong enough to cope, and goodness knows the rooms were built for it. The hang elsewhere is as dense as ever, but less ambitious, and of course the visitor must work quite hard to winnow out the excellent from the manifestly indifferent. Galleries I and II are good, and packed most encouragingly with the members' own work. If there is little significant portraiture this year, Peter Greenham nevertheless continues to demonstrate his absolute distinction in the field, and in their other ways Olwyn Bowyer, William Brooker, Roger de Grey, and David Tindle are all undemonstratively outstanding.

And throughout there are good things: John Houston in Gallery II, Anthony Green, Allen Jones, Norman Adams, Anthony Whishaw and Henry Inlander in Gallery III, Laetitia Yhap, Alan Dyer, James Palmer in Gallery VII, Anthony Eyton in Gallery VIII. But the disappointment must be registered too. The two South Rooms are undistinguished. The Small Room, though it contains a number of good things, effectively rescued only by magnificent large water-colour by Elizabeth Blackadder, and one or two more by Edward Bawden, which bring us to the more general point.

One of the most charming things about the Academy is not so much its determination as its desires to please; and having taken on so daunting a task (12,698 works sent in this time), and spent so much time (five weeks) and energy in putting the choice on the wall, one of the more poignant features of press day is to discover the resigned, defiant anxiety of the members of the hanging committees to gauge the response to their honest labours. The question that was put to me several times.

It is too easy, I think, to complain of what is not there, though I must say I am surprised at the paucity of true figure painting and drawing. At something over 1,500 works, however, the show is certainly too large, and my chief disappointment is at the number of bad but of slight things admitted, especially among the drawings and watercolours. An unsentimental culling up to 200 or more, would sharpen the show immeasurably.

A show can only be as good as its submission, the trick being to make the best of what you have. There is no rule to make good artists take part; one hopes they would, but sufficiently encouraged to do so anyway, and clearly many are—or rather the painters are. Some honourable exceptions do appear this year (Tessa Pullan's large wooden Dobbin, for example, and Nicholas Dumbleby's extraordinary sepulchral exercise, *Velvet Lady*), but it is hard to understand why the sculpture in general should again be so lamentable, especially so whilst distinguished sculptors in the Academy itself remain aloof.

The comprehensive sponsorship which the House of Du Maurier has bestowed upon the Philharmonia Orchestra has extended to contemporary music, in a series of three open rehearsals/performances at St John's Smith Square. The last of these took place on Thursday evening, when Simon Rattle conducted the orchestra in the first of a series of three open rehearsals/performances at St John's Smith Square. The last of these took place on Thursday evening, when Simon Rattle conducted the orchestra in the first of a series of three open rehearsals/performances at St John's Smith Square.

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Scripture must always suffer in large mixed shows, and perhaps it is time to take some hard decisions: a separate event perhaps, a more stringent process or a close invitation.

These are matters for debate: the evidence remains before us until August 15 (daily except Thurs 22-24) and whatever else it is, or is not, is worth seeing. The 214th Summer Show confirms the place the Academy has achieved in recent years, again where it should be towards the centre of our active cultural life. Lively, serious and various, it is not at all a bad show.

David Matthews

BY ANDREW CLEMENTS

The comprehensive sponsorship which the House of Du Maurier has bestowed upon the Philharmonia Orchestra has extended to contemporary music, in a series of three open rehearsals/performances at St John's Smith Square. The last of these took place on Thursday evening, when Simon Rattle conducted the orchestra in the first of a series of three open rehearsals/performances at St John's Smith Square.

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Tristan und Isolde

BY DAVID MURRAY

This has been Covent Garden Proms week, thanks to the generosity of the Midland Bank. Promoters make a rap and rewarding audience, and on Thursday they enhanced what was in any case a remarkable performance: the revival of the Royal Opera Tristan which celebrates Jon Vickers' 25th anniversary with the company, and brings us for the first time Gwyneth Jones' Isolde.

In a summary report, it would be pointless to recount again why Vickers' Tristan is one of the wonders of our operatic age. He was in magnificent, commanding voice; unstinting in Act 2 (where most Tristans are all too aware that Act 3 stretches before them), he was eloquent beyond comparison in the love duet—"So stürben wir"—gripped the heart. His Act 3 had all his hallucinatory power, and in fact new insights have accrued to his incarnation of the entire rôle. It was his Kurwenal, Donald McIntyre, who seemed to run out of voice, though on shipboard in Act 1 he had been gruffly effective.

Miss Jones looked marvellous, and it must be said that her singing has reached a new level of distinction. Of the strains that for a while threatened her vocal production, there was no trace beyond a little "beat" at the strenuous heights of the Narration. There is a new largesse of fresh, open tone, with all the old committed attack, and a new seriousness about the words, which were clear and subtly coloured. Her quiet, penetrating declaration at the end of Act 2 was nobly done. She doesn't quite capture a certain darker dimension of the rôle: this Isolde, one felt, would never really choose a Todestrunk over a love-potion.

Partly for that reason, perhaps, her Brangäne carried less weight than usual; but Yvonne Milton was not in best form—her usual lustrous timbre a little dulled, the Call sadly flat, an air of well-meaning anxiety serving all dramatic ends indifferently. The New Young Sailor is Laurence Dale, excellent if you like his refrain delivered as an art-song. Gwyneth Howell's fine King Mark gathered weight as it proceeded, with small help from the conductor Colin Davis; there in Mark's monologue, and for much of Act 3, Mr Davis allowed himself to fall into abstracted, negligent routine. He is known not to like first nights; better will come. The latest salvage job on the production was the work of Jeremy Satchell, and though it has no positive virtues (static, tentative, undetailed) it doesn't get in the way.

Walton symposium at Aldeburgh

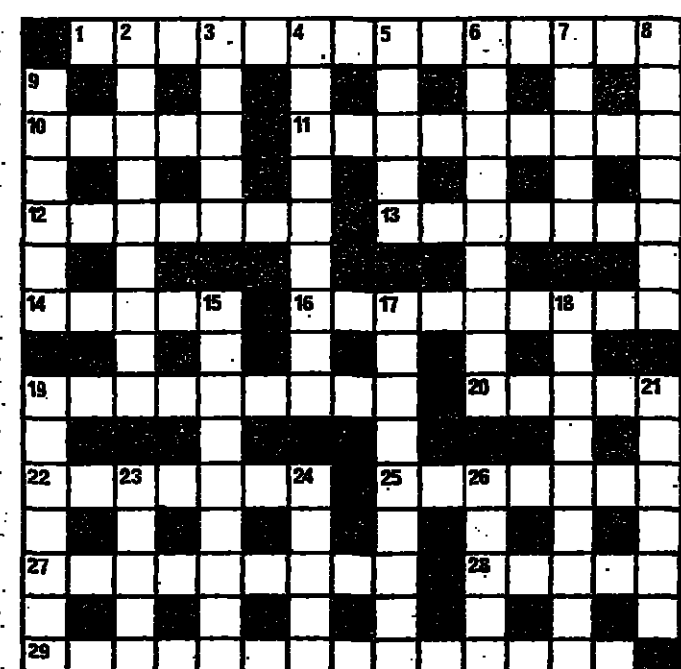
To celebrate Sir William Walton's 80th birthday year the Britten-Pears School for Advanced Musical Studies is presenting two days (June 18 and 19) of lectures, discussions, films and concerts during the 35th Aldeburgh Festival.

F.T. CROSSWORD PUZZLE No. 4872

A prize of £10 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10, Cannon Street, London EC4A 3DF. Winners and solution will be given next Saturday.

Name

Address



- 1 Origin of species (Nursery Edition?) (10-4)
2 Plunder Winchester, for example (6)
3 Radiosets, tuned to stars (9)
4 Change in force (7)
5 Obsolete leaders' episode is most disgusting (7)
6 Tendency of old penny to chink (5)
7 Arguments a simple, if tricky, arrangement (9)
8 Wasting a sovereign? (9)
9 Level time in race, perhaps (5)
10 Ted's Inn in need of repair—makes order in duplicate (7)
11 Make people dig formerly open country (7)
12 Dashed search on demand? (7)
13 South African place of birth (5)
14 This pungent dressing causes tree-crow to suffer (9,5)
15 Poor April child (9)
16 Borg, perhaps, married in Kent? (5)
17 Air Force musicians? (5,4)
18 Proportion of portion cartailed (5)
19 No riding here now, sorry hike is ordered (9)
20 Marry a French female, taking in sex-appeal (5)
21 Stocking stockists? (7)
22 Fitted, with strengthening piece, that is what old car needs to reverse (6)
23 Practical method of preparing the quince (9)
24 Half-pollster? There is consent inside that it is all synthetic stuff (9)
25 Not giving in the spring? (9)
26 Heavenly Iris! (7)
27 Can leg-break cause such a thrill? (6)
28 German woodcutter of ruder form (5)
29 W.H.E.A.T.? (5)
30 Bit of a drop in takings for the dairy-product (5)

Solution to Puzzle No. 4871

DASTARDLY STUPID
IN M R O A I
VIOLATOR FURCAL
I B I G I C K A
DEBENTURE HEART
E V A B W G O
S O I E
PLEATED BODY
O B T O A A A A
TROPE COGNATION
L N R K P L Z I
ETALON RINGWORM
S I F P U O U
STRIFE BEAMENOS

TV/Radio

Indicates programme in black and white
BBC 1

6.25-8.55 am Open University (Ultra High Frequency only).
9.05 Sorry Mate, I Didn't See You.
9.30 Get Set For Summer.
10.52 Weather.
10.55 Golf: The International from Lindrick.
12.15 pm Grandstand, including: News Summary at 12.50; Football Focus 12.50; Golf 1.00, 2.10, 3.10; The Martini International: Racing from Newbury 1.50, 2.25, 3.25, 3.50; Snooker 2.10, 2.40, 3.10, 3.30; Embassy World Professional Championship; Rugby League 4.00; Slalom Lager: Premiership Trophy Final.
5.10 The Dukes of Hazzard.
6.00 News.
6.10 Regional Sports/News programmes.
6.15 Pop Quiz.
6.45 Saturday Film: "The Last Wagon", starring Richard Widmark.
8.20 The Val Doonican Music Show.
9.10 News and Sport.
9.35 Dynasty.
10.10 Match of the Day.
11.10 Night Music.
11.45 Golf from Lindrick.

REGIONAL VARIATIONS:
Cymru/Wales—6.10-6.15 pm Sports News Wales.
Scotland—6.10-6.15 pm Scoreboard.
10.10-11.10 Sportscentre.
12.30 am Scottish News Summary.
Northern Ireland—6.10-6.15 pm Northern Ireland News and Sport.
12.30 am Northern Ireland News Headlines.
England—6.10-6.15 pm South West (Plymouth): Spotlight Series: Regional results and reports. All other English Regions: Sport/Regional News.

BBC 2
6.25 am-1.55 pm Open University.
7.10 Saturday Cinema: "The Overlanders", starring Chips Rafferty.
4.40 Golf: Martini International Snooker.
6.30 The Not The Finger In The Ear Show.
7.00 News and Sport.
7.15 Buried You See It?
7.55 Washington: Behind Closed Doors.
9.25 Snooker.
10.10 Man Alive.
11.00 News at 11.
11.10 Snooker.
11.45-1.35 am The Films of Orson Welles: "Touch Of Evil".

Solution and Winners of Puzzle No. 4866

Mr S. A. Cotton, 28 Sauncey Avenue, Harpenden, Herts.
Mr F. E. Connochie, Ferndale, Fort William, Scotland.
Mr J. D. Eccles, Flat 1, 13 Queens Road, Richmond, Surrey.

LONDON

9.30 am Sesame Street: 10.30 Cartoon Time. 10.45 The Adventures of Black Beauty. 11.15 Space 1999.
12.15 pm World of Sport: 12.20 On the Ball; 12.45 Rally: The From Antelope International Welsh Rally. 1.00 Darts: The News of the World Championship from Wembley. 1.15 News. 1.20 The ITV Seven from Newmarket and Newcastle. 2.55 Darts from Wembley. 3.45 Half-time Soccer News and Reports. 3.55 The ITV Seven—The Curragh: Airline Coolmore Irish 2,000 Guineas. 4.05 Boxing: Welterweight Championship of the World—Sugar Ray Leonard (U.S. Champion) v Roger Stafford (U.S.). 4.50 Results.
5.05 News.
5.15 Vorzel Gummidge.
5.45 Bob Rogers in the 25th Century.
6.45 Success: Lisa Stansfield, with Hot Gossip and Dustin Gee.
7.15 The Cannon and Ball Show.
8.00 "Sealwag" starring Kirk Douglas, Mark Lester and Lesley-Anne Down.
9.45 News.
10.15 Northern Lights starring Judy Parfitt and Annette Crosbie.
11.15 London News Headlines followed by Bizarre.
11.45 Contingent 1: Movie: "Aggression", starring Jean-Louis Trintignant, Catherine Deneuve.
1.30 am Close: Sit Up and Listen with Lady Ewart-Biggs.

+ All BBC Regions as London except at the following times:
ANGLIA
9.00 am Sesame Street. 10.00 Sport Billy. 10.35 Thunderbirds. 11.20 Tarzan. 5.45 pm Chips. 11.15 Vegas. 12.15 am The Hollywood. 12.45 am The End of the Day.
BORDER
9.00 am Unnamed World. 10.05 Tarzan. 10.35 The Adventures of Black Beauty. 5.45 pm Chips. 11.15 The Streets of San Francisco.
CENTRAL
9.15 am Paint Along With Nancy. 9.45 Sesame Street. 10.45 Sungray. 11.15 On the Ball. 11.45 International. 11.55 News. 11.55 Vegas. 12.15 am The Hollywood. 12.45 am The End of the Day.
CHANNEL
5.15 pm Puffin's Pic (11c). 5.20 WKRP in Cincinnati. 5.45 Sale of the Century. 6.15 Mr. T. 11.15 Vegas. 11.45 Gladys Knight and the Pips.
GRAMPIAN
9.35 am Spiderman. 10.00 Tarzan.

YORKSHIRE
9.00 am Sesame Street. 10.05 Sport Billy. 10.35 Thunderbirds. 11.20 Tarzan. 5.45 pm Chips. 11.15 Vegas. 12.15 am The Hollywood. 12.45 am The End of the Day.
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GRANADA

9.25 am The Flying Kiwi. 9.50 The Undersea Adventures of Captain Nemo. 9.55 Sport Billy. 10.15 Sesame Street. 10.45 pm Chips. 11.15 Vegas. 12.15 am The Hollywood. 12.45 am The End of the Day.
HTV
9.55 am The Adventures of Black Beauty. 10.20 Sesame Street. 11.20 Space 1999. 12.15 pm HTV News. 6.13 Darts from Wembley. 6.45 The Palace Presents: Most Jack Jones is joined by Henry Mancini, Leslie Uggams, Peaches and Herb and Bobby Van.
HTV Cymru/Wales—As HTV West except: 8.55-10.20 am Razzamatazz. 5.15-5.40 pm 50th A Sign.
SCOTTISH
9.30 am Victory the Viking. 9.45 Thunderbirds. 10.35 Saturday Morning Picture Show: "Cardboard Cavalier", starring Sig Field and Margaret Lockwood. 11.45 The Palace Presents: Charles & Co. 11.50 The Streets of San Francisco.
TSW
9.05 am Film Fun. 9.30 The Saturday Show. 10.30 The Incredible Hulk. 11.20 Sport Billy. 11.45 The Adventures of Black Beauty. 12.12 pm TSW Regional News. 6.15 News. 6.50 WKRP in Cincinnati. 5.45 Sale of the Century. 7.00 Paul Brown. 1.00 am Adrien Gyron. 11.45 The Palace. 11.50 The Two of Us. 11.45 Musical Special. 12.30 am Company.
TVS
9.15 am Saturday Bred. 9.30 Sesame Street. 10.25 Sport Billy. 10.45 Sungray. 11.15 On the Ball. 11.45 International. 11.55 News. 11.55 Vegas. 12.15 am The Hollywood. 12.45 am The End of the Day.
TYNE TEES
9.00 am Sport Hour. 9.35 Cartoon Time. 10.35 Saturday Morning Picture Show: "The Day the Earth Caught Fire". 12.15 pm North-East News. 5.15 pm North-East News. 5.45 News. 6.15 The Palace. 11.45 The Palace. 11.50 The Two of Us. 11.45 Musical Special. 12.30 am Company.
ULSTER
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9.00 am Sesame Street. 10.05 Sport Billy. 10.35 Thunderbirds. 11.20 Tarzan. 5.45 pm Chips. 11.15 Vegas. 12.15 am The Hollywood. 12.45 am The End of the Day.

RADIO 4

6.25 am Shipping Forecast. 6.30 News. 6.35 Farming Today. 6.50 Yours Faithfully. 6.55 Weather, travel, programme news. 7.00 News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 Yours Faithfully. 7.50 It's a Bargain. 7.55 Weather, travel, programme news. 8.00 News. 8.10 Today's Papers. 8.15 Sport on 8.48 Yesterday in Parliament. 8.57 Weather, travel, programme news. 9.05 Breakfast. 9.10 News. 9.15 The Week in Westminster. 10.30 Daily Service (S). 10.45 Pick of the Week. 11.00 News. 11.05 The Week in Westminster. 12.00 pm Money Box. 12.27 I'm Sorry, I Haven't a Clue (S). 12.45 Weather. 1.00 News. 1.05 Any Questions? 1.55 Shipping Forecast. 2.00 News. 2.05 Thirty-Minute Theatre. 2.10 News. 2.15 The Week in Westminster. 3.00 The British Seafarer. 4.15 Russian Roundabout. 4.30 Does the Sun Turn? 5.00 Conversation. 5.15 Yours Faithfully. 5.20 Weather. 5.30 Shipping Forecast. 5.55 Weather, travel, programme news. 6.00 News. 6.05 The Week in Westminster. 6.15 Desert Island Discs (S). 6.50 Sport 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Saturday May 15 1982

When the cat's gone away . . .

THE FALKLANDS crisis has for the time being retired behind closed doors at the UN headquarters in New York, leaving the public (and the markets) in a state of suspended hopefulness. Hope, however, keeps company with doubt, and ministers remain deeply preoccupied with the precise forms of words and action which might be accepted in Buenos Aires and yet regarded as honourable here.

Were ministers not so heavily preoccupied with the crisis in the South Atlantic they might by now be giving some urgent attention to another potential crisis in a totally different field. There are growing signs that the single-minded expansionism of the banking system is in danger of undermining the Government's monetary strategy.

The figures were already suggestive last year, but at that time it could be argued that competition in the mortgage market was merely a matter of market share, while the larger aggregates of lending and money were heavily distorted by the Civil Service strike.

Welcome

These explanations are now looking threadbare, as the stock-brokers Greenwell, who have for years been among the leading monitors of the monetary scene, pointed out in a strongly worded circular this week. There is a growing feeling, both in the City and in Whitehall, that something—something so far nameless—will have to be done.

This feeling may well explain the almost frenetic level of activity among the clearing banks in bidding for new retail deposits and offering new personal lending services. Barclays has announced its wish to resume Saturday opening (unions permitting), NatWest is offering 100 per cent mortgages, and Lloyds has bought a Norfolk estate agent to steer business its way.

Saturday opening would be welcome. However, lending without margin, even in the domestic property market, hardly sounds like sound conservatism. The purchase of an estate agency, trivial enough in itself, might well be regarded as an outrageous precedent.

Even in Threadneedle Street, where enterprise among the banks is usually regarded indulgently, patience with the managements of the commercial banks seems to be wearing thin.

The reader, anxious perhaps for access to a bigger and better mortgage, may well wonder what harm there is in all this competition for his favour. The answer is that in many roundabout ways it hurts the rest of the economy, delaying the fall in interest rates which would assist industrial recovery. When bank lending is

growing at nearly twice the rate allowed even under the new, more permissive monetary targets, anti-inflation policy comes under great strain.

In the last few months the strain has been taken in a very odd way—gross over-funding by the Government. Government stock issues and national savings raised nearly £5bn more than the Government needed to finance its own (unexpectedly low) borrowing requirements.

Recycled

The excess money was fed back into the banking system through enormous official purchases of commercial bills, thus keeping the banking system liquid. As a result of this process, long-term funds raised by the Government were recycled into bank lending, maintaining the crowding out of capital markets and preventing the major rally in gilts which might otherwise have been expected. Yet the whole aim of the tough budget of 1981, and the endless subsequent drives to cut public spending, has been to create room in the capital markets to finance recovery.

This is an oversimplified sketch, of course, and one thing which has been impeding any official response is the difficulty of explaining the level of lending except in the mortgage market (which has a starting growth rate of over 90 per cent, but is not a large part of the total). Sometimes it seems that the corporate borrowers have seen the heavily-subsidised bank market as a cheap way to finance their foreign currency needs. There has been large-scale corporate borrowing to support financial dealing, which suggests that the City specialists are not as sophisticated as they like to claim, but does not necessarily increase the danger of future inflation.

Whatever the explanation, however, it seems likely that the game of financing bank expansion through what amounts, for all practical purposes, to a large increase in the PSBR to finance industrial lending, will sooner or later be brought to an end.

Helpful

The unpleasant dilemma which will face ministers when they turn their attention to the matter is whether to attack credit demand by allowing short-term interest rates to rise (perhaps temporarily), and perhaps we seek to represent in our different ways is not best served by accusations which are patently unfounded.

For the record, POUNC members are drawn from a wide variety of backgrounds expressly to represent a broad section of customer opinion. They give freely of their time and talents. They are unpaid. Most of the costs of running this council goes towards providing a complaints service for Post Office and British Telecom customers as required by Act of Parliament. Over 80 per cent of the council's staff resources are devoted to remedying customers' grievances, with considerable success in many cases.

The MUA has a short memory as regards POUNC's representation of customers' interests: only a few months ago this council was instrumental in persuading the Post Office to defer increases in prices across the whole range of its services. The "savings" to customers were put at around £15m.

On the more specific matter of the withdrawal of the 7 pm letter collection in some districts of London, you attribute to Mail Users Association the statement that this Council is paid "to dance to the Post Office tune without representing the customers' interests."

Why the MUA should wish to engage in such belittling and ill-considered utterances is unclear. What is not in any doubt is that the customer cause which we both seek to represent in our different ways is not best served by accusations which are patently unfounded.

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TAKE TWO airlines. One boasts a gleaming new headquarters, lined with expensive paintings and costing \$700,000 a month in rent. The only U.S. airline ever to operate the Concorde, it also commissioned Puccini to design its attendants' uniforms and artist Alexander Calder to paint over two of its aircraft in bold, wavy colours. It coined the phrase: "When you've got it, flaunt it."

The other airline operates out of a dingy suite of offices in Newark. If you want to check your baggage, you have to pay; if you want a cup of coffee, you have to pay. You don't have to pay for hot meals—there aren't any. Its flying costs per seat mile are a little over 5 cents, about half the competition's.

The first of the two is Braniff, which, after months of agonising retrenchment, finally flew into the sunset this week. The second is People Express, which has built a fleet of 17 aircraft in the first year of its existence, and was one of the very few U.S. airlines to make an operating profit in the first quarter of 1982.

Braniff's days of glory lasted so long as air fares in the U.S. were strictly regulated by government authority, and airlines competed on service rather than price. All that changed in October 1978 when President Jimmy Carter passed deregulation laws which enormously increased the freedom of entry into the U.S. markets. As one People Express executive put it this week: "If it wasn't for deregulation, we wouldn't be here."

Braniff is not the only established airline to have suffered during the last three years. U.S. carriers reported an operating loss of more than \$500m on scheduled flights in the first three months of this year, compared with what had been a record loss of some \$428m for 1981 as a whole. In the 12 months to June, they are expected to actively to lose over \$1bn, and they have not made a profit since 1979.

So it is not surprising that in the past few months there has been growing disquiet about the impact of deregulation. World Airways, which was one of the pioneers of fare discounting and is now in serious financial difficulties, went so far as to petition the Civil Aeronautics Board to impose limits on discounting.

It got nowhere. But some members of Congress are also looking at the issue. One obvious feature to catch their eye is the gross disparity which now exists in airline fare between different routes, depending on the level of competition.

For instance, the round trip from New York to Los Angeles costs just under \$300. But a return ticket between Cleveland and Dallas—a trip which involves not much more than a third of the distance—costs \$450.

However, there are lots of other reasons for the airline industry's troubles. The recession is one; far from the normal growth rate of 5 per cent or

more, the number of passengers carried on U.S. scheduled flights last year fell by nearly 4 per cent. High interest rates are another. Every point on the prime rate adds about \$30m to the industry's financing costs. The high price of fuel has been another heavy burden, accounting for about a third of Braniff's operating expenses last year.

The biggest single reason for Braniff's collapse stems from what Mr. Dan McKinnon, chairman of the Civil Aeronautics Board, politely described this week as "bad management decisions."

Braniff saw deregulation both as an opportunity and a threat. Fearing that its route network could be attacked by stronger rivals, it determined to break into the big time itself and in the months following the new law, it opened services to 13 additional cities in the U.S.

four in Europe and another four in the Pacific/Far East. Between 1977 and 1979, its long-term liabilities more than doubled to \$665m.

This dash for growth ran slap into the U.S. recession, and brought financial pressure to an enormous scale. There are obvious similarities with the downfall of Sir Freddie Laker in the UK earlier this year. Both airlines started with a successful formula, expanded beyond prudent financial limits, modified their staff in a bid to attract more passengers, and were finally brought down by growing public awareness of their financial difficulties.

The final weeks of both airlines saw a sudden and precipitous fall in passenger traffic as travel agents steered their clients to other carriers.

Mr Howard Putnam, who took over Braniff's management last

autumn, is specifically not blaming deregulation for what happened this week. But there is one sense in which it added to his difficulties. In the old days, an airline had two main assets: its aircraft and its route network. So when North East got into trouble in 1972, Delta bailed it out to gain access to its routes.

Since the domestic network is now open to all licensed carriers, the value of such an asset is a lot less than it was. And in today's chaotic market, no-one was going to buy Braniff for its aircraft.

A large part of the U.S. airline industry was hotly opposed to deregulation when it happened, but the mood has changed. Delta was one of the strongest opponents of the legislation but now, it says, "the eggs have been scrambled." [It would like to see the Civil Aeronautics Board abolished at

once, rather than in 1985 as currently planned.]

Consultants McKinsey and Company recently analysed the impact of deregulation on five U.S. industries—stock broking, office telephone systems, airlines, trucking and railways. The conclusion was that three clear groups of winners are emerging from the fray. One is the big national company with a full line of attractive products and services—like Merrill Lynch or Delta. Another is the low cost producer—often a new entrant to the market such as the discount broker firms or People Express. The third category is the specialty firm with strong customer loyalty.

Braniff has spent the past few months desperately trying to fit itself into the second of these three groups. It failed, and it is perfectly possible that others will, too.

Although the share prices of

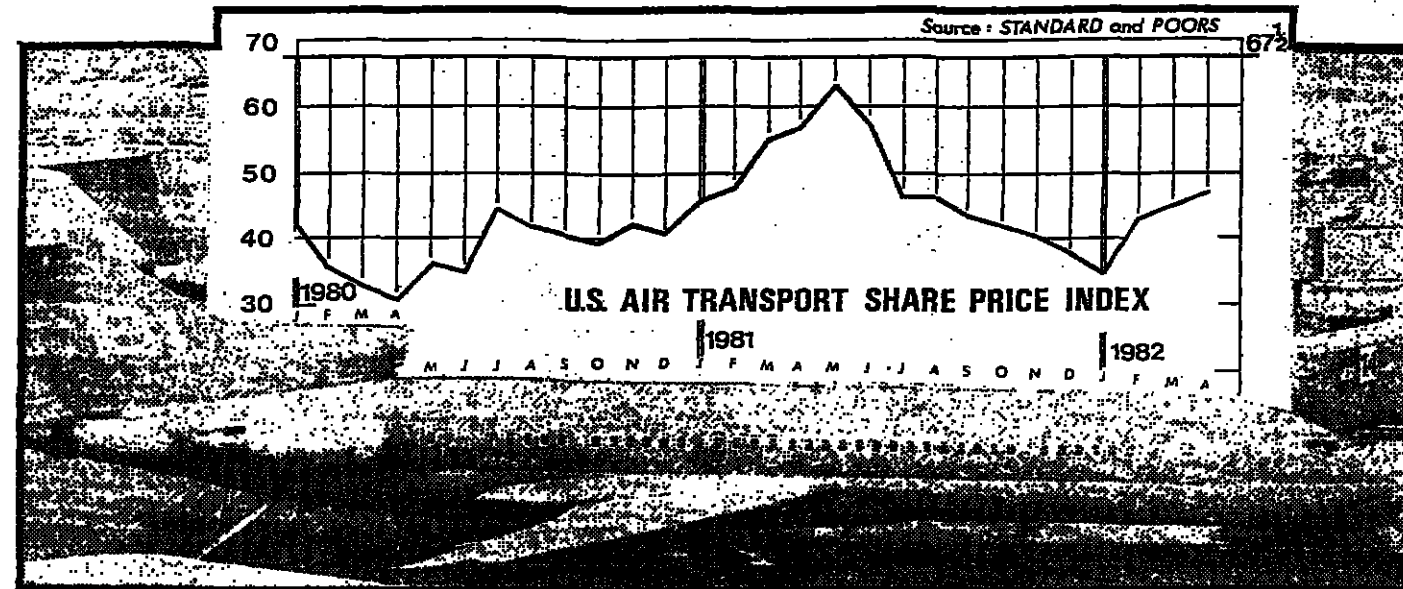
collapse will bring pressure to re-establish a regulated fare structure. But, naturally enough, he does not think any such move will be successful. "The public has got used to low fares," he claims.

For the time being, People Express will remain a domestic airline. Last summer, it applied unsuccessfully for permission to fly between Newark and London. According to Burr, there should be a slot for a U.S. carrier on that route in two or three years' time. That might be when Europe gets its first glimpse of an airline that makes Sir Freddie Laker's old operation look positively extravagant.

U.S. LESSONS OF DEREGULATION

Braniff flies into the sunset

By Richard Lambert in New York



The collapse of Braniff may lead U.S. travel agents to look for the next airline bankruptcy candidate. But share prices of financially secure airline companies have rallied, for these should start making profits later this year.

A TRULY DEREGULATED AIRLINE

WE DON'T offer anything free that we can separately charge for," says Don Burr, 40, chairman of People Express. This so-called "unbundling" of charges for separate services is the key to success in a deregulated industry—whether it be stockbroking or airlines.

Burr runs a very tight airline. "I do all my own telephone and paper work," and no unions. Workers are expected to shift from job to job, depending on where they are most needed at any one moment. Burr himself has been known to man the switchboard in busy times.

People Express works its aircraft hard, too. It bought its 17 Boeing 737s from Lufthansa for a little under \$4m each (they cost as much as \$17m new) and by tearing out the first-class compartment and the galleys, it was able to add 28 seats to each plane. Its aircraft fly for upwards of 10 hours a day, far in excess of the U.S. industry's average.

Productivity is the key to the airline's low costs. It has just 694 full-time employees—or 41 per aircraft, which is about half the average for an efficient U.S. airline. All the full-time employees have to buy shares in the company before they are taken on, and their average holding, according to Burr, is now worth over \$20,000.

People Express passes its low costs on to the customer. It charges about 7 cents a mile on its routes to Florida and Buffalo, which—Burr claims—is a good bit lower than the comparable bus or train fare. One of its sales pitches is that it is cheaper to fly People Express than it is to drive.

In contrast to the plethora of fares offered by other airlines, People Express has only two different rates—peak and off-peak.

Burr, who spent time with a New York investment firm before moving on to Texas International Airline, thinks it is possible that the Braniff

collapse will bring pressure to re-establish a regulated fare structure. But, naturally enough, he does not think any such move will be successful. "The public has got used to low fares," he claims.

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Letters to the Editor

Invasion

From Mr P. Burke

Sir—For long years now your paper has been a part of my daily intake, but the attitude of your leader writers and other contributors on the subject of the Falklands is so infuriating that I will have no more of it.

The key point is that we have been invaded and nothing, but nothing, seems to get this one cardinal point into your writers. They are far too removed from what has happened and theoretical, for nothing is pushing them enough.

Perhaps an armed invasion and occupation of Bracken House, for that is what has happened to the Falklands, might concentrate their collective minds a bit.

Peter Burke.

Aubrey, Sudbury, Suffolk.

From Mrs S. Rosen

Sir—The article by Reginald Dale "A naval war in ancient Greece" (May 13) is, no doubt, a very clever analogy. Whether, however, it is in the best of taste is another question.

I wish to protest at its tone, and feel that the final sardonic paragraph is not only subversive but calculated to cause great distress amongst all families, friends and well-wishers of those volunteers presently in action.

(Mrs) S. L. Rosen.

8, Grove End Gardens,

23, Grove End Road, NW8

From Mr H. Laender

Sir—How very encouraging it was to read (May 13) your editorial regarding the attack on the BBC and Chris Dunkley's reasoned columns on the same subject. Attempts to put pressure on the BBC by Government of any colour are deserving of the instant condemnation which your paper has rightly dispensed.

Harvey D. Lavender.

5, Westhill Road, Leicester.

Mail

From the Chairman, Post Office Users' National Council

Sir—In your article (May 3),

about the ending of the 7 pm letter collection in some districts of London, you attribute to Mail Users Association the statement that this Council is paid "to dance to the Post Office tune without representing the customers' interests."

Why the MUA should wish to engage in such belittling and ill-considered utterances is unclear. What is not in any doubt is that the customer cause which we both seek to represent in our different ways is not best served by accusations which are patently unfounded.

For the record, POUNC members are drawn from a wide variety of backgrounds expressly to represent a broad section of customer opinion. They give freely of their time and talents. They are unpaid. Most of the costs of running this council goes towards providing a complaints service for Post Office and British Telecom customers as required by Act of Parliament. Over 80 per cent of the council's staff resources are devoted to remedying customers' grievances, with considerable success in many cases.

The MUA has a short memory as regards POUNC's representation of customers' interests: only a few months ago this council was instrumental in persuading the Post Office to defer increases in prices across the whole range of its services. The "savings" to customers were put at around £15m.

On the more specific matter of the withdrawal of the 7 pm letter collection, we considered carefully the implications of any change on customers. We questioned the Post Office on several aspects of its proposal before reaching a conclusion. We established that out of a total of around 12m items collected every week in the areas involved, a relatively small number of letters—just over 400,000 in the first class stream—would be directly affected. There would be a saving of more than £1m a year. And there would still be collection from many sorting offices boxes up to 6.30 pm. We con-

sidered it would not be in the interests of customers in general to oppose the proposal. The financial saving may seem a small one. But it is part of an economy/efficiency drive by the Post Office which has already produced much larger savings. Customers saw some benefit from these in the deferment in the last round of price increases. We expect the Post Office to sustain and build on its achievements so far. Our hope is that the 12 months period over which Posts has pledged to keep prices stable will be extended.

Thomas J. Attwood, POUNC, Waterloo Bridge House, Waterloo Road, SE1.

Conveyancing

From the Chairman,

British Legal Association

Sir—Before seeking to correct me, Mr J. Frodsham (May 8) should get his facts right. An ad valorem scale—upon which bank trustee departments base their charges—is one where the charge is calculated solely by reference to the value of the estate or property in question. Of course, the price of the property has some bearing on the fee for conveyancing although it is only one of many factors, including most importantly the complexity which can only be fully judged by the solicitor when the transaction is completed. Any earlier estimate can only be an approximation.

Mr Frodsham's second point shows that he prefers quantity to quality and makes no allowance for the thought which underlies any action. If he thinks that any solicitor can give him a sensible reply to any question without the relevant facts, he has a lot to learn.

Stanley Best.

29, Church Road,

Royal Tunbridge Wells, Kent.

Openness

From the Chairman, Policy

(Finance) Sub-Committee,

Cardiff Borough Council

Sir—In reply to the letter from Mr Berridge (April 29)

concerning secrecy in local government, I feel he has confirmed the point that local government independence has been seriously curtailed by Parliament. The matters about which he complains—local government reorganisation, the closure of steelworks, a national bank for Wales—were central Government decisions made irrespective of local opposition!

I can appreciate that he is unable to obtain the detailed spending plans of his local authority for the next three years. Government constraints make it impossible for local authorities to prepare such detailed plans. Government grants, capital allowances and cash limits imposed on local authorities are announced annually and often at such a late stage that the whole budget forecast has to be revised.

With regard to his inability to obtain details of council resolutions or information on local authority plans, I find these statements surprising. Every ratepayer is provided with information regarding both county council and city council spending as is now required by Government legislation. Council minutes and budgets are available at council offices and at public libraries. All city council committees and council meetings are publicised and the public is invited to attend. How could there be less secrecy?

John Reynolds.

46, Richmond Road, Cardiff.

Elections

From the Labour Prospective

Parliamentary Candidate,

Birmingham (Northfield)

Sir—Robin Pauley's article on local elections (May 8) singles out Birmingham (Northfield) where the Conservative candidates had a majority of 600 over Labour. Too much, however, should not be made of this one election as in last year's county elections Labour had a majority in the constituency of 6,200 over Conservative.

The leader of the Labour

group in Birmingham has correctly ascribed the Conservatives' recent success to the Falklands crisis and to public dislike of Mr Wedgwood Benn and the far Left. Together these enabled the SDP-Liberals to pick up some disenchanted Labour voters while failing to make much impact on the Conservatives. As the result has been the election of a reactionary Tory council it is unlikely the alliance will be able to repeat this performance.

The next election in Northfield will be fought on basic economic issues, especially the dramatic tripling of unemployment from 5 to 15 per cent. Mr Cadbury should not draw too much comfort from these results.

John F. Spellar, 115, London Lane, Bromley, Kent.

Insulation

From the Secretary,

National Cavity Insulation Association

Sir—The letter from the National Union of Public Employees (May 11) questions the use of urea formaldehyde in cavity wall insulation.

Formaldehyde is not a new substance, having been used in medicine for nearly 100 years. It is found naturally in the body, in the atmosphere, and is increased by cooking, open fires and even the baking of bread. It is used widely in industry and in the manufacture of such diverse items as antibiotics, food preservatives, disinfectants, food (as a preservative), bubble baths, mascara and tableware.

The cavity foam industry has been established in the UK for 25 years. During this time some million and a half homes have been successfully insulated. Any real cause for concern would clearly have come to light many years ago.

The symptoms reported basically relate to the North American situation, and are due to a lack of experience and controls—the American cavity foam in-

dustry is still in its infancy, having only made significant progress in the past five years—and a different type of construction that allows formaldehyde to be drawn into the building.

The UK industry is far more advanced with research, product development, training and technical standards and controls. It is extremely rare for any small to come into a building that has been foamed in accordance with the government-supported British Standard for foam. This covers buildings of standard double skin masonry construction, which encourage the formaldehyde, given off during the drying and curing process and normally occurring a short time after injection, to disperse quickly and naturally through the outer wall. It is very rare in this country for there to be any significant leakage into the building, but where this does occur it can be treated accordingly to accepted remedial practice.

In such an instance a fairly noticeable smell would be apparent for a short while, which might cause temporary irritation to the respiratory tract, i.e. runny noses and eyes, consistent with the extremely low levels of formaldehyde experienced in this country. We are not aware of any proven medical evidence of more serious symptoms in the UK. It is also apparent that some of the symptoms alleged are psychosomatic, due to the Press reporting of the totally different situation in America. Indeed, it is a great pity that scaremongers, some untrained and some deliberately malicious, have damaged a worthwhile and responsible energy conservation industry.

The general opinion in this country, which is supported by government, testing houses and the chemical industry, all taking a considered serious view, is that no real problem of fume emission exists with the use of U.K. Alder Gillan A. Alder 178/202 Great Portland St, W1

EBEL

Exclusive to Collingwood

A superb new design from the 1982 collection of Ebel of Switzerland can be viewed in the watch exhibition at Collingwood in Harrods ground floor Knightsbridge 10 May-5 Jun 1982

Collingwood Harrods

Interest charges trim Grand Met gain to 10%

AT THE trading level, profits of Grand Metropolitan showed a significant increase of some 30 per cent for the half year to March 31, 1982. But with interest charges rising, the pre-tax figures were up 10 per cent from £58m to £74.8m. External sales reached £1,830m, against £1,55m last time.

Sir Maxwell Joseph, the chairman, points out that the greater part of the group's profits tends to be earned in the second six months, while interest costs accrue more evenly throughout the year. Interest rates have remained high and, in the current circumstances, the half-year result is regarded as satisfactory.

The group is well placed to take advantage of any upturn in economic conditions and the chairman is confident that it will continue to make progress.

The net interim dividend is being stepped up from 3.175p to 4.5p per 50p share, the previous year's total payment was 7.425p on record taxable profits of £185.6m.

Sir Maxwell says the increase in trading profits—from £111.9m

to £146.1m—was achieved despite continuing weakness in the economies of the UK and the U.S. The increase in interest costs—from £43.9m to £71.3m—was mainly attributable to the acquisition of Inter-Continental (acquired September, 1981) to a lesser extent to the increased sterling cost of interest payable in U.S. dollars.

A breakdown of the six months trading profits shows: brewing and retailing £32.5m (£24.9m); hotels and catering £14.1m (£5.3m); Inter-Continental (acquired September, 1981) £7.4m (nil); leisure £11.6m (£13.4m); Liggett £42.2m (£31.5m); milk and foods £15.5m (£15m); spirits and wines £32.6m (£21.8m).

The effect of depressed levels of consumer spending, many of the group's domestic UK operations was compounded by bad weather in December and January. Brewing and retailing, benefiting from steps taken in recent years to improve efficiency, was alone in this area of group activity in substantially raising profits.

In the U.S., most of the group's operations stood up well

to the pressures of the recession and, even without the beneficial effect of translation into sterling at the lower exchange rates ruling in the current year, Liggett's trading profits would have shown a substantial improvement.

On the international front, the recent emphasis on the worldwide development of spirits and wines showed through in the form of a sharp increase in profits.

Profits attributable to ordinary holders, before extraordinary items, advanced from £49.3m to £52.9m for the period. Stated earnings per 50p share rose by 0.5p to 10.1p.

Tax charge was £19.4m (£17.2m) including overseas tax of £16.8m (£11.6m). Minority debits accounted for £2.3m (£1.3m) and preference dividends absorbed £0.2m. The interim dividend will cost £15.3m (£16.5m).

It is estimated that there will be a net charge for extraordinary items of some £5.6m (£0.7m) for the half year.

See Lex

Mettoy reduces losses

TOY manufacturer Mettoy reduced its pre-tax losses from £3.48m to £2.74m in 1981. No dividend is being paid against a nominal 0.1p in the previous year. Turnover improved from £25.75m to £28.17m, and the trading loss was lower at £931,000 compared with £1,25m.

The pre-tax loss was struck after an exceptional debit of £444,000 (£680,000) and interest charges up from £1.86m to £1.59m, but included associates' profits of £118,000 (£11,000).

There were tax credits of £71,000, but these were well down on the previous year's £455,000. The stated loss per share was 16.5p (£18.7p). On a CCA basis, the pre-tax loss was £3.79m (£4.51m).

Those faint rays of hope which seemed to be penetrating the gloom when Mettoy pushed out its interim statement soon disappeared. Retailers held back in the last quarter and losses in the closing period have come little different to the comparable months. Shareholders' funds are now down to around £3m while borrowings are certainly higher than the £7.2m of a year ago. Mettoy is at the point where asset disposals are needed and first quarter trading in London is over 30 per cent ahead of the same period last year.

In New York, the year's gains included the large Sambo

Upturn expected at Geers Gross

PRE-TAX PROFITS at Geers Gross were slightly lower at £1,02m in 1981 compared with the previous year of £1,14m. The directors say the downturn was largely due to lower margins in London, but this situation has already been reversed.

Turnover of this advertising agent and consultant climbed from £46.29m to £53.31m, and trading profits were lower at £1.35m against £1.3m. The final dividend cut from 2.5p to 2p, but the total is unchanged at 4p. A one-for-four scrip issue is proposed.

Mr Charles Hoare, the chairman, says he considers the results to be satisfactory overall. The increased results achieved already in the first quarter of the current year demonstrate that the group is now set for considerable growth in 1982, he says.

In the last few months of 1981, four major new businesses were acquired—the large English Country House Council account, Sloughly beds, three divisions of BP Oil, and from United Rum Merchants, Lemon Hart Rum, Cognac Wines and Grand Marnier.

Since then, a further major

acquisition, Anglian Windows, has been added and sales are trading in London is over 30 per cent ahead of the same period last year.

In New York, the year's gains included the large Sambo and the U.S. operation is built around a "light" and "lively" yogurt. An important piece of additional business from Kraft, and the prestigious W & J Sloane furniture store account. There was also continuing growth from a number of existing accounts in the U.S.

Mr Hoare says current trading at Geers Gross Inc remains strong and, despite economic recession, U.S. advertising spending overall is expected to show a further 20 per cent rise in 1982.

Geers Gross' group prospects, already strong for the current year, have been considerably strengthened by the acquisitions

of Kurtz and Tarlow, announced in March. There is every sign that the agency will prove to be a very valuable addition to the group, says Mr Hoare.

He adds that the recommended bonus issue is an indication of the board's confidence and optimism, and he believes that in the current year both billings and profits will be considerably above previous levels.

Year-end pre-tax figures were after interest charges of £101,000 (£184,000). Tax was down from £225,000 to £294,000, and after extraordinary debits of £7,000 (£89,000) and dividends of £332,000 (£285,000), retained profits emerged £70,000 lower at £269,000. Stated earnings per 10p share were 8.1p (10.5p) basic, and 7.6p (10.5p) fully diluted.

comment

In the light of the recent figures from Satchell and Satchell, Geers Gross results look pedestrian indeed. But the company had indicated a flat year at the time of the interim report and the shares rose 8p to 142p yesterday. One of the biggest blows to GG was the loss of the Cadbury Schweppes account—that was worth around £450,000 of income a year. Also the decline in cigarette consumption, perhaps as much as 15 per cent in the UK last year, washed back to GG through its W D and H O Wills account. On the plus side, the U.S. operation is built around a "light" and "lively" yogurt. An important piece of additional business from Kraft, and the prestigious W & J Sloane furniture store account. There was also continuing growth from a number of existing accounts in the U.S.

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DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corr. of. sp. div.	Total for year	Total last year
Allied Plant	0.2	—	1.05	0.1	1.39
Caparo Inds	0.5	July 16	Nil	1	Nil
Comphent	—	—	5	4	16.5
Geers Gross	2	July 9	2.5	4	4
M. J. Gleeson	1.1	July 2	1	—	2.85
Grand Metropolitan Int.	3.5	Oct 4	3.18	—	7.43
Lloyds and Scottish Int.	1.875	Aug 2	—	—	5.67
Mettoy	Nil	—	0.1	Nil	0.1
Warford Invest	6.5	—	5.5	12	10

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ US\$ Stock. § Company correction.

BIDS AND DEALS Suits line up for Woodrow Wyatt

SEVERAL PARTIES interested in acquiring Woodrow Wyatt Holdings, the printing group headed by Mr Woodrow Wyatt, which went into receivership on Thursday, have been in contact with Stoy Hayward, the appointed receiver.

Mr Robert Maxwell, the chairman of British Printing and Communications Corporation, the first person to begin talks about a possible rescue, spent the day talking to union representatives about the situation.

But a consortium put together by a print broking company which is afraid of Mr Maxwell's increased presence in the UK print industry, also contacted the receiver over a possible take over.

The consortium consists of Robert Hart Associates, a print broking company based in London, Lewis and Tucker, a West End property agency, Charles Display, a printing and packaging company and a fourth unnamed company. Robert Hart is worried that its print broking business would be adversely affected by Mr Maxwell taking control of a larger section of the industry. Hart placed between £10m and £11m orders of print each year.

The consortium said it had been looking at Woodrow Wyatt Holdings with a view to take over for the past three weeks. It plans to meet Woodrow Wyatt Holdings directors and the receiver on Monday, at the company's Banbury factory.

Mr Alfred Davies and Mr Peter Copp of Stoy Hayward have been appointed joint receivers by Barclays Bank. Mr Copp is presently in the U.S. but Mr Davies is preparing a report on the company's activities.

He said that business at the two factories at Banbury and Acton, West London, would continue as normal at the moment. Woodrow Wyatt Holdings employs some 250 people. Mr Davies said he had been contacted by several people he regarded as making serious enquiries about the company.

The suspension share price of 7p places a value of £310,000 on the company. Earlier this year it reported losses for the six months to September 1981 of £586,040.

Mr Maxwell's representative will be looking at the Banbury plant on Monday.

● The Lonsdale Universal board is considering the company's position following Mr Maxwell's £5.9m offer for the office equipment, stationery and printing group. The directors said that they anticipated making an announcement next week and advised shareholders to take no action on Mr Maxwell's offer.

BPC raised its stake in Lonsdale to 10.82 per cent yesterday when it bought 25,000 Lonsdale shares at 40p each. BPC's shareholding is now 980,000 ordinary shares.

Guinness Peat proposals

DISCUSSIONS were continuing yesterday at Guinness Peat, the troubled commodities and banking group, over the disposal of the commodity division in a management buy-out.

Mr David Burt, speaking on behalf of the management of the commodity division, stated that the management was enthusiastic about the current proposals. It was working closely together to

put forward a proposal which will be acceptable to the Guinness Peat and to the investors.

The management, together with other investors, including Lord Kinnaird, the group's founder and former chairman, has expressed interest in forming a consortium to buy control of the commodity trading interests on terms based on net asset worth on April 30.

Attwoods ups forecast

Attwoods, the former British Car Auction subsidiary, which resumed its Stock Exchange listing last month, yesterday announced a pre-tax profit forecast of £345,000 for the year ending July 31, 1982.

Attwoods said that trading and profits of the Drinkwater Group had been higher than previously forecast. An earlier pre-tax profit forecast had suggested £240,000. Attwood said that it continued to place emphasis on Drinkwater's expansion and potential acquisitions in the sand and gravel extraction and waste disposal sectors which were being considered.

The company said yesterday that it had sold Consolidated Papers Convertors, a wholly owned subsidiary, for £8,000. CPC made a trading loss of £39,000 in the year ending September 30, 1981.

Attwoods also sold the plant, site and business of Maybank Insulation for £48,000. The bank head office will be sold later. Maybank made a trading loss of £286,000 in the year ending September 30, 1981.

British Car Auction said yesterday it had acquired a further £27,348 shares in Attwoods bringing its total stake to 36.5 per cent of the company.

MINING NEWS

International round-up

Deposits of chrome ore have been discovered in the mountainous region of Fujairah, about 200 miles east of Abu Dhabi, according to news agency reports.

The reports suggest that the quantity discovered so far could be exploited commercially.

The metal is used principally in the aircraft and motor industries.

The Canadian-owned and managed Pinson open-pit gold mine in Nevada, U.S., which came into production just over a year ago, has already moved out of debt.

The operators have already repaid a U.S.\$15.8m (£8.6m) project loan, plus several million dollars in interest.

The mine is owned by Rayrock Resources, Lacana Mining and United Siscoe Mines, each with 26.5 per cent, with the remainder of the equity in the hands of the geological and engineering staff associated with the project.

Canada's Kerr Addison Mines recently joined an elite group of gold producers in north America. The company's 65th single mine to produce 10m ounces of gold.

The mine, which has been in operation since 1938, has probably only about two years life left, as ore reserves are rapidly being depleted.

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Record Finlas profit

A RECORD pre-tax profit of £2.4m was recorded by Finlas for the year to January 31, 1982, against £1.6m for the previous year. Group turnover was up from £19.79m to £21.62m.

There will be no final dividend. Earnings per share were given as 28.1p compared with 20.8p. A scrip issue is proposed of six new convertible preference shares of £1 each for every 100 existing ordinary shares of 25p each in issue.

Tax took £389,000 (£195,000). An extraordinary debit of £180,000 (£260,000) was the costs relating to the demerger of the printing and publishing interests and to the proposed flotation on the Unlisted Securities Market.

British Printing and Communications Corporation on Thursday

said it was buying the assets of Finlas Printing and Publishing from the receivers. The failure of this new company is "a considerable disappointment to us all," says Mr M. F. Sanderson, Finlas chairman.

He said all sectors of Finlas had achieved "highly creditable results in a particularly difficult climate."

Pre-tax profits by division came from: housing £1.1m (£1.5m); building contracting and plant hire, £1.2m (£1.05m); property development and dealing, £846,000 (£648,000); property investment income, £268,000 (£106,000); central overheads and interest, £335,000 (£384,000) and interest, £754,000 (£856,000). Printing and publishing lost £443,000 the previous year.

comment

Caparo continued the savage surgery already going on at

Advance for Border & Southern

Revenue, before tax, of the Border & Southern Stockholders Trust advanced from £2.16m to £2.83m for the half-year to March 31, 1982.

The figure was struck after expenses and interest of £907,000 (£1,044,000), but before tax of £1,922m (£2,666,000).

Net asset value per 10p ordinary share was 110.1p (107.9p at September 30, 1981) after prior charges at par, and 111.4p (109.3p) after these charges at market value.

An interim dividend of 1.3p (1.25p) net per share has already been declared.

Warnford Inv. up to £3.3m

PRE-TAX profit at Warnford Investments climbed 42 per cent in 1981, from £2.39m to £3.41m, on turnover up from £3.4m to £8m.

A final dividend of 6.5p net per share (£5.5p) lifts the total for this company to 12p (10p). Earnings per 20p share were given as 23.8p (22.1p).

Tax took £973,000 for the UK group (£1.11m). £220,000 for associated companies (£230,000) and £32,000 overseas (£18,000). The tax charge has been reduced to £914,500 as a result of industrial building allowances.

APG slides to £44,000

TAXABLE profit at Allied Plant Group dropped sharply from £1m to £44,000 in 1981, on turnover slightly up from £12.43m to £12.97m. Profit at mid-year was £252,000.

The profits were calculated after depreciation of £462,000 (£493,000), provision for bad and doubtful debts of £85,000 (£82,000) and financial charges of £683,000 (£658,000), but including exceptional profit on contract, nil (£100,000).

A nominal final dividend of 0.1p net per share (0.05p) is being paid to retain true status. The interim was omitted. The 1980 total was 1.89p. Stated earnings per 10p share were 0.013p (6.38p). A one-for-two scrip issue is proposed.

Operating profit was lower at £1,170,000 (£7,000) and there was an extraordinary debit of £1m (nil).

Mr M. R. Heathcote, chair-

man, says the general uncertainty in industry makes it hard to predict the trading outcome for the year, but it appears that re-organisation and consolidation have put all the group's companies in a better position to take advantage of any sustained upturn in the economy.

Results were hit by the start-up costs on the group's new structural plant last year, which has earned no profit.

Heathcote says profitable operation of the structural steel business depends on a good order book, which, since the year-end, has continued to grow.

It is also encouraging to note that inquiries are running at a higher level and there is no significant improvement of the conversion rate into orders.

The group's main activities are plant hire, housing and industrial plant development, structural steel engineering, heating, ventilation and plumbing and manufacturing joinery.

Results due next week

The oil slut and falling petroleum product prices with which the year began can have done little to help Royal Dutch/Shell's first-quarter results to be published on Wednesday.

Recent factors including international political unrest and Opec production cutbacks, leading to slightly firmer crude oil prices, will have come too late. Following the 10 per cent downturn in after tax income in 1981 the company was no more confident than to point to the strength of its balance sheet. Stock profits and currency movements are expected to have little impact this time. The actual results will be confused by the first-time application of the new U.S. accounting standard FAS 52, in place of FAS 8, which excludes the effects of currency fluctuations on income. The market is looking for around £400m on an unadjusted basis, compared with an unadjusted £541m last time when stock gains amounted to £255m, but the uncertainties

leave the range wide.

Unilever, reporting first-quarter figures on Monday, is expected to have lost much of the momentum which took pre-tax profits ahead 24 per cent to £708m in 1981. Only modest growth is expected in the first two quarters with its strong growth markets outside the U.S. and Europe, beginning to feel the pinch because of the weakness in oil and commodity prices. Some improvement may start to come through in the U.S. at performance there and in Europe, but any real advance is not foreseen until the second half. This leaves the market looking for little more than the £151m pre-tax at three months last year, which included an extra week.

Very poor first quarter figures from Union Carbide have prompted some doubts about the U.S. performance of BOC which reports half-year figures on Monday. This has caused the market to shade its expectations following the 50 per cent pre-tax

advance to £21m at three months. However, the U.S. subsidiary Airco has demonstrated a resilience in the past and the strength of the dollar may ease any decline here. Overall, the analysts are, therefore, looking for a 17 to 20 per cent improvement over the £33.4m mid-year last time—indicating around £40m, but some go as high as £45m.

Great things are not expected of Debenhams, which reports full year figures on Friday. The market is looking for a pre-tax figure of between £18m and £20m, against £25m last year. Excluding property gains, analysts expect the "clean" profit to fall between £13m and £14m. As at House of Fraser, the bulk of Debenhams' business comes up around Christmas time and last Christmas was just no fun. Debenhams' long-term strategy is to update its product lines and attack the competition from the multiples—may reap little rewards in the present recessionary environment but

holds out some future hope for Debenhams bulls. After UDS' surprising attack on its dividend, analysts are chary about firming of the dollar may ease any decline here. Overall, the analysts are, therefore, looking for a 17 to 20 per cent improvement over the £33.4m mid-year last time—indicating around £40m, but some go as high as £45m.

Whitebread, reporting its figures for the year to February 28, 1982 on Monday, produced no surprises with its 8.5 per cent mid-year profit increase—almost entirely attributable to interest charges. Since then there has been little to brighten second half trading with poor business in public houses, but there has been some pick up in the beer market the group's experience is likely to have been worse than that of the industry as a whole. There may be some gains on property development but the company will be hard pressed to maintain the mid-year advance, with forecasts ranging around £71m—and some as low as £68m—against £66.4m last year. There are hopes for a small lift in dividend.

Company	Announcement date	Dividend (p)	Final	Final	Final
FINANCIAL DIVIDENDS					
Advance Services	Wednesday	0.7	2.3	1.9	—
Alpine Holdings	Wednesday	0.7	2.3	1.9	—
Amrobank Investment Trust	Wednesday	2.8	4.3	2.6	—
Berkshire	Monday	—	0.5	—	—
Bentley Holdings	Monday	—	0.5	—	—
Bishopsgate Trust	Monday	1.16667	2.1667	1.2	—
British Borneo Petroleum Syndicate	Tuesday	4.15	8.0	4.35	—
British Seaford Industries	Thursday	1.3	2.0	—	—
Brown and Jackson	Friday	4.0	6.0	—	—
Bulfinch (A.F.)	Monday	0.58	0.7	0.58	—
Chamberlain and Hill	Wednesday	1.1	1.65	—	—
Debenhams	Friday	2.04117	4.32443	2.04117	—
Dupont	Tuesday	—	—	—	—
Envy	Tuesday	—	—	—	—
Feedback	Wednesday	—	—	—	—
Fine Art Developments	Monday	1.1	1.65	—	—
Fortnum and Mason	Monday	3.5	19.72	3.3	—
Gamco Investment Trust	Thursday	1.0	2.0	—	—
Hartwell's Group	Friday	1.768	2.74	1.768	—
Heath (C.E.)	Tuesday	3.1	7.4	3.1	—
Hulton (Amos) and Sons	Tuesday	1.8	4.2	3.4	—
Land Securities Investment Trust	Monday	1.66667	4.66667	2.75	—
London Atlantic Investment Trust	Thursday	1.5	3.0	—	—
London and Fennia Investment Trust	Tuesday	0.5	1.4	0.6	—
London and Northern Group	Wednesday	1.4	2.35	1.4	—
London Trust	Wednesday	1.25	2.75	—	—
Runciman (Walter)	Tuesday	2.5	5.0	2.5	—
Scott and Robertson	Thursday	0.765	0.765	—	—
Sainsbury	Monday	0.441	0.7	0.441	—
Shand's (Walter)	Thursday	0.91	0.91	—	—
Sherratt Group	Thursday	1.7	1.9	1.7	—
TR Industrial and General Trust	Thursday	2.65	3.4	2.65	—
TR Natural Resources Investment Trust	Thursday	—	—	—	—
Vesper	Thursday	—	—	—	—
Warford (Thomas) and Sons	Tuesday	—	—	—	—

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Argyll Foods agreed to buy Sir James Goldsmith's British food retailing business Allied Suppliers for £101m. Argyll has a market valuation of £44m based on the price of the shares of 104p when dealings were suspended and is financing the acquisition through a tender offer of 85m of its shares at between 85p and 100p to raise between £81m and £95m. The balance of the purchase price, depending on the success of the issue, will be provided by loans from Samuel Montagu and Midland Bank. Allied Suppliers was the largest UK food retailer when Sir James Cavenham Group bought the company 10 years ago. If the merger goes through, it is conditional on clearance from the Office of Fair Trading—the combined group will rank fourth in the UK retail grocery market.

Mr Brian Haggas agreed to pay £9.2m cash to buy back from Dawson International the Kellogg spinning and knitting businesses carried on under his family name. Dawson bought John Haggas late in 1978 for £24.5m. At that time, the Haggas family interests received some £12.5m as their share of the sale.

Holland Quina, a recently-established Irish company, agreed terms for a £4.3m takeover of H. Williams, the troubled Dublin-based supermarket group. The offer consists of £7 cash for each ordinary share and £2.87 for each A share.

Grievson Grant and Carr Seabag, two London stockbroking firms, are in talks that could lead to a merger. The move follows an approach by Carr Seabag in the middle of last month, sounding out Grievson Grant on the subject.

British Car Auctions is acquiring Nashville Auto Auctions and Metro Auto Auctions of Kansas City for a total consideration of \$8m (£4.9m).

Dealings in Luis Gordon, the Domecq sherry importer and distributor, were suspended at 20p on Thursday when it was announced that discussions are taking place over a possible buy-out by Domecq of the 30 per cent minority shareholding in Luis Gordon it does not already own.

Mr Robert Maxwell, through his company British Printing and Communications Corporation, launched a counter bid for Lonsdale Universal, the office equipment and printing group. BPCC had acquired a 10.64 per cent stake in Lonsdale since last month's dawn raid and subsequent 60p per share cash bid by John Menzies. BPCC is offering 60p per share cash, valuing Lonsdale at £5.9m. Mr Maxwell also announced that BPCC is paying £3.58m cash to buy the assets of Finkas Printing and Publishing from the receivers and began discussions with printing concern Woodrow Wyatt about a possible rescue after the last-named announced that it was going into receivership.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid per share**	Bidder
Prices in pence unless otherwise indicated.					
Assoc. Cms. "A" 110*	108	52 1/2	59.70	TVW	
AAA Inds. 41*	35	35 1/2	3.65	Glossop	
Adm. Strathclyde 135*	140	126	46.09	Charter Cons.	
Capsels 50*	50	45	2.43	Sonoco	
Caywoods 311 1/2*	294	263	130.62	Redland	
Dunlop Steels 158*	158	114	22.12	Glynwed	
Empire Stores 115 1/2*	102	92 1/2	57.54	GUS	
Federated Land 175*	172	142	19.03	BSC Fasn. Funds	
General & Comm. 286 1/2*	255	235	15.32	Britannia Arrow	
Grant Bros. 190*	186	179	2.28	Jadepoint	

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid per share**	Bidder
Prices in pence unless otherwise indicated.					
Heron Motor Grp. 34*	34	23	4.33	Heron Corp.	
Leicester (D. M.) 27*	27	27	4.36	Intasun	
Lonsdale Unvrsl. 60*	65	46	5.31	Brit. Printing	
Moran (C.) Group 20*	21 1/2	21 1/2	3.47	Mr C. Moran	
NCC Energy 35*	35 1/2	35 1/2	4.86	Cook Int.	
Pearson-Jongman 343*	339	336	51.46	Pearson (S.)	
Speedwell Gear Case 20*	23	14	0.19	Lathkill	
Tunnel Hldgs. 580	545	555	132.89	RTZ	

* All cash offer. ** Cash alternative. † Partial bid. \$ For capital not already held. ‡ Based on May 14 1982. ‡ At suspension. ‡ Estimated. ‡ Shares and cash. ‡ Unconditional.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings* per share (p)	Dividends* per share (p)
Arrow Chemicals	Dec	146 (488)	3.0	(—)
Bank of Ireland	Mar	63,600 (62,700)	52.9	(88.5)
Barr & Arnold	Dec	353L (50L)	1.1	(34.8)
BHS	Apr	42,560 (39,560)	13.0	(13.5)
Bulmer & Lamb	Mar	572 (776)	5.5	(6.1)
Castle Patisserie	Dec	74,300 (85,900)	14.7	(19.9)
Costain	Dec	47,990 (42,550)	48.1	(47.0)
Ellis & Goldstein	Jan	1,420 (1,240)	5.0	(5.1)
European Ferries	Dec	21,780 (30,360)	7.0	(12.5)
Feedex Agricultr.	Dec	432 (380)	3.3	(3.0)
Fat. Castle Elect.	Jan	827 (531)	9.5	(7.1)
Folkie (J. & W.)	Dec	734L (1,350)	(3.4)	(2.5)
Foster (John)	Feb	291L (882L)	(—)	(0.5)
Francis Inds.	Dec	1,740 (1,800)	13.7	(14.4)
Gates (Frank G.)	Dec	1,300 (1,000)	11.5	(10.6)
Hawthorn	Jan	125L (270)	(—)	(0.3)
Holt Lloyd Ind.	Feb	3,070 (3,270)	5.6	(5.8)
Hunting Assoc.	Dec	6,400 (6,050)	34.4	(40.4)
King & Shazaro	Dec	1,050 (915)	12.0	(10.2)
Kwik-Fit Tyres	Feb	1,580 (4,010)	3.6	(4.4)
Lee Cooper	Dec	9,080 (6,550)	27.7	(16.4)
Manor National	Dec	420 (375)	(—)	(—)
Moffat	Jan	107 (318)	17.5	(44.7)
M/O Ferrall	Dec	3,050 (3,590)	9.9	(11.3)
Myers Group	Dec	7,100 (3,430)	10.0	(0.25)
Nirx. Glaximts.	Feb	188 (383)	5.1	(8.0)
Nurfin & Peacock	Dec	10,090 (8,650)	11.0	(10.1)
Porter Chadburn	Jan	151L (201)	(—)	(3.5)
Sears Holdings	Jan	104,000 (99,700)	4.8	(5.7)
Secombe Marshall	Apr	410 (339)	29.3	(24.2)
Sims Ind.	Mar	390 (438)	10.6	(12.0)
Samuel (Jeffers)	Jan	21,700 (17,410)	12.0	(8.7)
Tysons Contract	Dec	1,450 (158)	28.1	(7.6)
UEI	Jan	4,210 (3,210)	11.4	(10.4)
Usher Walker	Dec	338 (388)	8.7	(16.6)
Wage Group	Dec	806L (1)	(—)	(3.6)
Walker (J. O.)	Dec	118L (20)	4.0	(79.3)
Yorklyde	Jan	1,180 (949)	56.7	(75.6)

Scrip Issue

Secombe Marshall and Campton—One for seven.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends* per share (p)
Akroyd & Smiths	Mar	10,620 (5,910)	4.0
Assoc. Paper	Apr	1,260 (11)	1.0
Baggeridge Brick	Mar	74 (136)	1.25
Bellway	Jan	54 (217)	3.0
Borthwick (Thos.)	Mar	127 (1,550)	1.0
Brentnall Beard	Mar	82 (28)	(—)
Commert. Union	Mar	1,700L (18,400)	(—)
Cooper (Fredk.)	Jan	120 (255)	0.5
Crystallite Hldgs.	Mar	870 (506)	0.87
Davenport Brwy.	Apr	524 (617)	1.21
Gomme Holdings	Mar	916L (568)	(—)
GR Holdings	Dec	1,120 (1,345)	1.6
Hawkins & Tison	Feb	557L (476)	0.79
Hepworth (J.)	Feb	2,220 (2,720)	0.79
Lloyds & Scottish	Apr	2,350L (2,040)	1.37
Lonsdale Unvrsl.	Feb	261L (20)	(1.0)
Nth. Midln. Cons.	Feb	47 (102)	0.65
NSS Newsagents	Mar	571 (185)	0.51
Pearce (C. E.)	Mar	1,310 (2,520)	1.5
Perkins	Nov	1,880 (1,298)	4.25
Reliant Motor	Nov	201 (452)	0.88
Royal Insurance	Mar	84L (597L)	(—)
Smith & Nephew	Mar	3,500L (26,700)	(—)
Trafalgar House	Mar	6,880L (6,080)	(—)
Tridentrol	Mar	27,720 (21,810)	3.5
Ultramar	Mar	43,700 (42,000)	(—)
Utd. Scientific	Mar	12,600 (11,960)	(—)
Vaux Breweries	Mar	3,470 (3,420)	2.75
Wellco Hldgs.	Mar	4,850 (2,840)	1.5
Whessoe	Dec	214 (85)	0.4
Woolworth (F.W.)	Mar	2,120 (1,190)	2.0

(Figures in parentheses are for the corresponding period.)
* Dividends are shown net except where otherwise stated.
† First quarter figures. ‡ The dividend will be payable should offer by John Menzies lapse. ‡ In 1L. ‡ Profits after rebate, tax and a transfer to contingencies. ‡ Profits after tax and transfer to contingencies. ‡ Loss.

Rights Issue

Saatchi and Saatchi—Is raising £26.167m by way of a one for one rights issue at 325p per share.

Offers for sale, placings and introductions

Argyll Foods—Is issuing 95m new ordinary shares at between 85p and 100p per share to raise between £81m and £95m.
CAMRA (Real Ale Investments)—Is joining the Unlisted Securities Market.
Michael Black—Is coming to the Unlisted Securities Market via a placing of 1,683,000 ordinary shares at 90p per share.
Nahisco Brands—Has been granted a listing for its shares on the Stock Exchange with effect from next Monday.

Optimism at R. Cartwright

Mr J. C. Northam, chairman of R. Cartwright (Holdings), manufacturer of door and window furniture, told the annual meeting that short-term working in some of the group's companies had continued, but he

did not expect it would be of a long duration.

He said the group was optimistic that the new range of products—during the past 12 months it had been developing a comprehensive range of architectural fittings—and the much-needed improvement in building activity would help in the last quarter "if not before."

He said that every year it became more difficult to forecast the possible course of events, and this year was no exception. There had been many false dawns which had faded disappointingly, and he said one was to make any prediction

which would create undue optimism.

In spite of the uncertainties resulting from the political crisis between this country and Argentina, and the slimming down operations carried out, the group was in a far better position to cope with even the most optimistic forecasts of business recovery with only a modest increase of labour.

Mr Northam also spoke about exports and said: "Exporting certainly isn't fun any more, but a very frustrating exercise. We are spending more money on full-time representation and advertising, but all we manage to do is stand still."

REPORTING a 144 per cent jump in first-half losses, the directors of rubber and plastic moulder, Long and Hambly, say the figures are substantially worse than had been anticipated.

Losses, before tax, for the six months to February 6 1982 increased from £407,000 to £992,000, on a lower turnover of £473m, compared with £6.47m. The company is a subsidiary of Scottish Cities Investment Trust.

Explaining the setback, the directors say that since the annual meeting it has been established that the company's

operations at Northampton have been trading at a serious loss.

They are, however, taking urgent steps to ensure that the company returns, with minimum possible delay, to a position where it is trading profitably.

The problems at Northampton arose largely because of an underestimate of costs being incurred in taking over production previously carried out at High Wycombe. This was aggravated by considerably higher wastage of materials than has been previously experienced in those operations.

Loss per 10p share for the half-year increased from 2.05p to 4.25p. There is again no interim dividend—the last payments

were in respect of the year ended July 31 1979.

Interest charges were slightly higher at £197,000 (£192,000). There is again no tax, but there was an extraordinary debit of £286,000 this time—largely the closure costs of the Slater Street Site.

Wm. Low

The recent rights issue by Wm Low has been accepted in respect of 2.15m ordinary shares, or 83.14 per cent.

The balance net taken up has been sold in the market at a premium.

Planning Now for Bull Swing's Biggest Jumps

As Upswing Begins, Seeds of Discovery are Already Planted

The rapid doubling and tripling movements which pull an evacuated public back into a new bull market often are inspired by important new discoveries made in either the laboratory or the field. Speculative luck may seem to be a factor when the action begins. But luck favours the prepared mind, and during months when mass attention has been drawn away from the microchip makers, the computer-peripheral designers, the petroleum explorers and the mine finders, far-sighted planners have been laying groundwork for future surprises. When Advanced Micro announces bipolar microprocessors, when Cray is selling supercomputers which immerse circuitry in supercooled liquids to multiply processing speeds, when Storage Technology unveils laser-scanned optical memory disks, and when Amalvik knock IBM for another loop with commercial mainframes that can handle 25 million instructions per second, will we see shares now in the 50s climbing to 510 and higher? Will early oil-and-gas discoveries now being made in areas such as Oklahoma's Anadarko Basin begin driving distressed drillers such as Kirby and Woods to multiples of latest lows; and will relentless recovery of metals prices spark runs in shares of explorers which have already announced major new discoveries to a disinterested public? Growth Strategies Fund, managed for clients by the Jeffery Organization, has already climbed more than 30 per cent since December thanks to (and) and gearing methods which have been applied to early risers such as Commodore in microcomputers, Intel in circuit designs, Honeywell, IBM and NCR in systems and Paradyne in high-speed data transmission; and now early jumps in Standard Oil of Cal. and Standard Inds. have shown where further gains will follow as it becomes apparent that oil-gilt propaganda has been as deceptive as the Japanese-invasion scare that bottomed the chip makers. If you've been avoiding aggressive investment sources, you're invited to watch Jeffery-group methods at work to wealth creation or obligation.

The Jeffery Letter

Published by Pressminster Limited, Suite 411, London International Press Centre, 78 Shoe Lane, London EC4A 3JB, England. Tel: 01-629 1248.

Gentlemen: Please send complimentary Jeffery Letters and Growth Strategies Fund details to:

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Nationwide Building Society

Placing of £5,000,000 13 1/2 per cent Bonds due 23rd May 1983.

Listing for the bonds has been granted by the Council of The Stock Exchange. Particulars in relation to The Nationwide Building Society are available in the Extel Statistical Services. Copies of the placing Memorandum may be obtained from:

Fulton Packshaw Ltd., 34-40 Ludgate Hill, London EC4M 7JT
Laurie, Milbank & Co., Portland House, 72/73 Basinghall Street, London EC2V 5DP
Rowe & Pitman, City Gate House, 39-45 Finsbury Square, London EC2A 1JA

MARTIN CURRIE & CO. INVESTMENT TRUST COMPANIES AT 30th APRIL 1982

Geographical Spread					Net Asset Value				
Total Assets	UK	North America	Japan	Other	Net Asset Value	Share Price	Gross Yield %	Dividend Yield %	Total Return on NAV (base-100)
£ million									(Source: Wood Mandeley & Co) 5 yrs
13.8	48	39	7	6	Canadian & Foreign Inv. Trst.	195.3	172	4.7	169.8
24.5	63	26	8	3	St. Andrew Trst.	204.7	163	5.7	164.9
128.4	50	36	9	5	Scottish Eastern Inv. Trst.	112.6	80	6.0	164.2
30.3	43	38	10	9	Scottish Ontario Inv. Trst.	107.1	85	5.3	150.5
71.9	57	32	9	2	Securities Trust of Scotland	151.8	113	6.4	160.6

29 CHARLOTTE SQUARE, EDINBURGH EH2 4HA. TEL 031-225 3511

LOCAL AUTHORITY BOND TABLE

Authority	Annual Interest	Life
(telephone number in parentheses)	gross pay- interest	Minimum of sum bond
Knowsley (051-548 6555)	13 1/2	1-year 1,000 4-8

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U.K. CONVERTIBLE STOCK 15/5/82

Name and description	Size (£m)	Current price	Terms	Con- version dates	Flat yield	Red. yield	Premium†		Income			Cheap (+) Dear (-)‡
							Current	Range‡	Equ.§	Conv.¶	Div.‡	Current
British Land 12pc Cv. 2002	9.60	265.50	333.3	80-97	4.5	2.1	0.8	-2 to 4	32.0	84.5	19.9	+19.1
Hanson Tr. 91pc Cv. 01-06	156.59	117.00	71.4	85-01	8.4	8.1	5.0	2 to 14	86.1	74.5	-10.4	-15.4
Slough Ests. 10pc Cv. 87/90	5.03	240.50	187.5	78-84	4.2		-1.3	-8 to 5	17.8	18.1	0.2	+ 1.5
Slough Ests. Spc Cv. 91-94	24.88	110.00	78.0	80-91	7.5	6.9	8.5	3 to 15	31.2	45.7	14.3	+ 5.8

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final date of conversion whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income on £100 of convertible stock expressed as per cent of the value of the underlying equity. † The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness, - is an indication of relative dearth. ‡ Second date is assumed date of conversion. This is not necessarily the last date of conversion.

EUROPEAN OPTIONS EXCHANGE

Série		May		Aug.		Nov.		Stock
		Vol.	Last	Vol.	Last	Vol.	Last	
GOLD C	\$300					5	59	\$334.75
GOLD C	\$325	94	11.90	11	20	3	42	"
GOLD C	\$350	88	11	11	17.50			"
GOLD C	\$375			1	9			"
GOLD C	\$400			11	9			"
GOLD C	\$425	85	3.10	4	15	95	18	"
GOLD C	\$450	101	20	4	27 A			"
12 ²⁴ NL 81 87-91								
C	F.110	5		50	5.20 B			F.115.20
C	F.112.50			110	3	30	3.40	"
C	F.113			100	0.90	70	2.20	"
C	F.112.50			100				"
12 NL 81 88-98								
C	F.108.50	1850	3.10					F.105.80
10 ²⁴ NL 80 86-95								
C	F.100			20	3.30			F.102.80
C	F.108.50			100	1.80	1	2.50	"
C	F.97.50					10	0.50	"
11 ¹⁴ NL 82 88-92								
C	F.100					20	5.20	F.104.80
C	F.102.50	800	2.30			150	3.20	"
C	F.105			10	1.50	5	1.80 B	"
C	F.108					55	1.80	"
10 NL 82 88-98								
C	F.100					40	1.90	F.100.10
C	F.100					10	2.40	"
July								
AKZO C	F.28	28	4.50 B					F.28.30
AKZO C	F.27.50			5	2.50			"
AKZO C	F.30	133	0.70			2	1.10	"
AKZO C	F.32.50							"
AKZO C	F.30	5	2.80	8	2.70	6	2.40	F.33.70
AKZO C	F.35							F.32
HEIN C	F.95	15	7.30					"
HEIN C	F.96	14	3.50					"
HEIN C	F.95	13	1.40	15	3.00	2	3.50	"
HEIN C	F.96							"
HEIN C	F.95					10	5.50	"
HEIN C	F.96							F.16
HOOG C	F.17.50		2.00 B					F.104
KLM C	F.90	5	17.70	15	18.60			"
KLM C	F.100	40	9.50					"
KLM C	F.110	22	4.50	35	8.50			"
KLM C	F.120	11	2.40					"
KLM P	F. 90	39	13.30					"
KLM P	F.100	28	8.50					"
KLM P	F.110	38	9.50					"
NEDL	F.120	39	10.80					"
NEDL	F.110	13	2.50	40	4.50 B			F.151.50
NEDL	F.140	10	0.80					"
NEDL	F.130	28	4.50	28	15.50			"
NEDL	F.120							"
NATN	F.120	18	1.70					F.118
NATN P	F.120	51	6.50					"
PWIL C	F.22.50	31	2.30	10	2.70	37	3.30	F.24
PWIL C	F.28	24	0.70	10	1.70	197	0.90	"
PWIL C	F.27.50	5	0.20	100	0.50	130	0.60	"
PWIL C	F.28	16	1.40					"
PWIL C	F.27.50	5	3.30	13	1.50	80	1.80	"
RD C	F.70	28	24.50 B					F.94.50
RD C	F.80	28	14.50					"
RD C	F.90	50	4.60 B			7	6.50	"
RD C	F.100	89	1.10	6	1.80	19	2	"
RD C	F.80	31	2.80	15	4.20			"
UNIL C	F.150	10	9.50					F.155.50
UNIL C	F.160		8 B					"
UNIL P	F.160	30	9.70					"
Aug.								
BOEI C	820	100	5%					\$19%
MANN C	DM.150			10	1			DM149.10
VW C	DM.120		20.50					DM149.50
VW C	DM.130		80.50					"
TOTAL VOLUME IN CONTRACTS:				4887				
A=Ask				B=Bid		C=Call		P=Put

Coffee—C "Contract: May 143,
 120.00-120.75 127.75 127.75
 Sept 120.01-120.70 Dec 117.00-117.12
 March 115.25-113.65, May 110.30-111.10
 Sept 2,720.

Oranges—May 117.25 (115)
 Dec 150 (112.40), Sept 123.70,
 120.25-125.40, Jan 126.75-126.95, May
 126.75, May 129.75-129.75, July 130.00,
 131.25-131.25, Sept 129.00-129.00
 Tn—891.00-582.00 (\$94.00-395.00),
 CHICAGO, May 13
 Chicago Imm Gold—June 53.3-53.3
 (335.0), Dec 54.0-54.0 (345.8),
 366.5, March 366.5, June 378.2, Se
 390.1.

★

POTATOES

LONDON POTATO—SHIPMENTS—T
 market recovered some of yesterday's
 losses initially but slipped again
 unchanged to eighty fewer, closed
 100,000 tons of late, closed
 steadily with small gains, reports C
 77.00. Closing prices: Nov 67 71
 Mar 77.00, +0.60 (Nov 67) 76.00,
 Jan 89.00, +0.60 (high 78.00,
 88.50), May 101.00, +1.00 (high 101.00)

† Unquoted. (g) Madagascar. (t) July. (u) June. (z) Sept. (v) May-June.
(w) Aug-Sept. * Nominal. 5 Ghana cocoa. (n) June-July.

Late improvement leaves index close to 1982 high Glaxo strong again—British Funds hold steady

Account Dealing Dates
Options
First Declara- Last Account
Dealing Dealing Day
Apr 19 Apr 28 Apr 29 May 10
Apr 30 May 13 May 14 May 24
May 1 June 3 June 4 June 14
*New time
place from 9 am to two business days earlier.

Quiet conditions persisted in London stock markets as the trading account came to a close. Nevertheless, recent underlying strength of the two main investment sectors in the face of the Falkland Islands crisis was again apparent yesterday. Leading shares finished with useful gains, while British Funds held relatively steady.

Gains in the industrial leaders were usually limited to a few pence in official trading. However, quotations made a ready response to occasional buying interest after 3.30 pm, when dealing is permitted without penalty for the three-week Account starting next Monday.

The late improvement was reflected in the FT 30-share index which extended a rise of 2.4 at the 3 pm calculation to one of 5.4 at the close of 500.9. This represents a rise of 8.5 on the Account and left the index only slightly below the 1982 peak of 500.9 attained on Wednesday and within 7 points of its all-time high.

Glaxo, up 23 more at 690p, again featured on the favourable prospects for its Zantac drug. Satisfactory interim figures left Grand Metropolitan, another industrial, dearer at 225p, while a late revival of interest in defence stocks was mirrored in the electrical leaders.

Glit-gedged securities were narrowly mixed at the close of business. Fading hopes of lower U.S. interest rates tended to dampen sentiment initially, while a further tightening in UK short-term money rates left short-dated stocks with falls of 1. The later militaries, down in the early declines, acquired overnight closing levels and in some cases ended marginally better on the day. The Government Securities index closed only 0.06 lower at 69.15, or 0.40 off its 1982 high.

Grindlays up
The subject of a bout of speculative buying late on Thursday on talk of a 250p per share draw raid from a Kuwaiti concern, Grindlays opened sharply better at 235p yesterday, eased to 210p in the absence of such a development and closed a net 5 up on balance at 230p. Elsewhere in the banking sector, Guinness Peat rose 3 to 80p following the announcement that a consortium, led by Lord Rix, is planning to acquire the group's commodity trading business. Bank of Ireland hardened 3 to 240p on further consideration of the results, while Allied

Irish advanced 6 to 90p in sympathy; the latter's preliminary figures are scheduled for May 26. The major clearers drifted lower on lack of support. Minet encountered good steady buying and closed 12 up at a 1982 peak of 186p; the rise was accompanied by vague talk of a possible merger with Corroon and Black or C. E. Heath. Elsewhere in the City, C. E. Heath improved 3 to 345p ahead of annual figures due next Tuesday.

Associated Heat Services made a bright market debut; the shares opened at 265p compared with the minimum tender price of 230p and the striking price of 230p. Yesterday also saw the start of dealings in Electro-Protective Corporation, a subsidiary of Hawley Group, after opening at 85p, the shares were actively traded and reacted to 95p before closing at 86p, a premium of 81 over the offer price of 8p.

The late improvement was reflected in the FT 30-share index which extended a rise of 2.4 at the 3 pm calculation to one of 5.4 at the close of 500.9. This represents a rise of 8.5 on the Account and left the index only slightly below the 1982 peak of 500.9 attained on Wednesday and within 7 points of its all-time high.

Glaxo, up 23 more at 690p, again featured on the favourable prospects for its Zantac drug. Satisfactory interim figures left Grand Metropolitan, another industrial, dearer at 225p, while a late revival of interest in defence stocks was mirrored in the electrical leaders.

Glit-gedged securities were narrowly mixed at the close of business. Fading hopes of lower U.S. interest rates tended to dampen sentiment initially, while a further tightening in UK short-term money rates left short-dated stocks with falls of 1. The later militaries, down in the early declines, acquired overnight closing levels and in some cases ended marginally better on the day. The Government Securities index closed only 0.06 lower at 69.15, or 0.40 off its 1982 high.

Grindlays up
The subject of a bout of speculative buying late on Thursday on talk of a 250p per share draw raid from a Kuwaiti concern, Grindlays opened sharply better at 235p yesterday, eased to 210p in the absence of such a development and closed a net 5 up on balance at 230p. Elsewhere in the banking sector, Guinness Peat rose 3 to 80p following the announcement that a consortium, led by Lord Rix, is planning to acquire the group's commodity trading business. Bank of Ireland hardened 3 to 240p on further consideration of the results, while Allied

dipped to a 1982 low of 23p before closing 2 down, and 11 lower on the week, at 25p with sentiment still clouded by talk of speculative support. Renewed speculative support helped S. and U. Stores to improve 2 to 19p. Quiet throughout the "House" session, leading Electricals became more active after-hours when some good buying for the new Account was seen. Spending hopes helped GEC to close with a fresh rise of 13 to a 1982 peak of 903p. Plessey finished 6 dearer at 425p; the annual results are scheduled for May 27, and Thorn EMI ended 7 up at 450p. Philips Lamps, however, fell 15 to 515p on further consideration of the disappointing first-quarter figures. Still reflecting recent investment comment, EST London jumped 8 to 291p; part of the rise occurred too late to update the Share Information Service. CASE continued firmly at 267p, up 7, while Lee Refrigeration added 5 to 230p in response to Press comment.

Channing continued to make good progress in Engineering, rising 7 for a jump on the week of 60 to 365p on defence spending hopes. Vesper hardened a penny to 153p awaiting next Thursday's preliminary results but Mollis gave up 4 to 144p on fading hopes of a bid from BAT Industries. The leaders plotted an irregular course in this trading.

Dull of late on fears of another price war, Food Retailers staged a small rally, J. Sainsbury improving 5 to 610p with Kwik Save, 236p, and Associated Dairies, 124p, adding 2 apiece. Elsewhere, British Sugar met late support and gained 15 to 505p. Rowntree Mackintosh hardened a couple of pence to 120p and Cadbury Schweppes a penny to 105p; both companies will be quoted ex dividend on Monday.

Already a couple of pence firmer awaiting the interim results, Grand Metropolitan added a few pence more on the announcement of profits in line with market estimates to close 5 up at a 1982 peak of 232p.

Glaxo at new peak
A rising market all week on hopes that its Zantac anti-ulcer drug might soon receive U.S. approval, Glaxo yesterday had improved to 690p by the 3.30 pm "House" close; a late announcement that the F.D.A. advisory panel had recommended approval of the drug stimulated further interest and the close was 23 higher, or 87 up on the week, at a 1982 peak of 690p. Other miscellaneous industrial leaders closed firm with Boverat, 225p, and Pilkington, 212p, adding 2 apiece. BOC hardened 2 to 169p ahead of next Monday's interim results. The proceedings elsewhere were featured by a show of strength in Johnson Group Cleaners which attracted specu-

lative buying in a thin market on vague bid rumours to close 27 up at 234p, after 235p, despite the reported bid denial. Channel Tunnel advanced 20 to 135p on Press comment, while Aeronautical and General rose a similar amount to 200p following support in a thin market. Old bid favourite, J. Bibby rose 15 to 390p, while Lonsdale Universal hardened 2 to 65p in response to BPC's counter-bid of 66p cash per share. Speculative buying lifted Henry Boot 11 to 255p, and Exel gained 6 to 305p ahead of results due on May 27. Long and Hambly added 11 to 51p on the poor interim figures, while BTR remained friendless at 330p, down 10. Technical considerations prompted a reaction of 9 to 185p in Poseco Minsep.

A volatile market recently on a reaction to the company's applications to renew London casino licences, Trident TV A out on 6 for a two-day rally of 15 but still finished 51 down on the week at 77p.

Ultramar down afresh
Attorneys Garages, a penny easier at one stage, picked up to 8p on the sale of a subsidiary and the revised profit forecast and the revised profit forecast before drifting back down to 4p. Ultramar's preliminary results but Mollis gave up 4 to 144p on fading hopes of a bid from BAT Industries. The leaders plotted an irregular course in this trading.

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FINANCIAL TIMES STOCK INDICES

	May 14	May 13	May 12	May 11	May 10	May 7	A year ago
Government Secs	69.15	69.21	69.41	69.94	69.01	68.38	66.86
Fixed Interest	69.97	69.90	69.78	69.57	69.48	69.93	68.14
Industrial Ord.	590.6	588.2	590.8	588.1	590.5	583.3	561.0
Gold Mines	255.9	251.8	239.8	238.0	238.6	231.4	269.5
Ord. Div. Yield	5.87	5.82	5.88	5.83	5.80	5.87	5.87
Earnings, Yld. 3.75	10.90	11.00	11.04	11.18	11.08	11.34	11.80
P/E Ratio (med.)	11.11	11.11	11.11	11.05	11.12	11.05	10.91
Equity Turnover	17.90	18.46	18.22	18.54	18.55	18.51	18.08
Equity Turnover 2m.	18.55	18.46	18.22	18.54	18.55	18.51	18.08
Equity Turnover 3m.	18.55	18.46	18.22	18.54	18.55	18.51	18.08

10 am 585.3, 11 am 588.3, Noon 588.6, 1 pm 588.2.
2 pm 587.6, 3 pm 587.6.
Basis 100 Govt. Secs. 16/10/28. Fixed Int. 1828. Industrial Ord. 17/23. Gold Mines 12/9/58. SE Activity 1974.
Latest Index 01-26 8025.
*Nil=10.28.

HIGHS AND LOWS S.E. ACTIVITY

	1982	Since Compil'n	May 13	May 12
	High	Low	High	Low
Govt. Secs.	69.95	61.89	127.4	40.18
Fixed Int.	69.97	61.89	127.4	40.18
Ind. Ord.	590.9	518.1	597.3	49.4
Gold Mines	302.0	209.2	258.9	171.7

NEW HIGHS AND LOWS FOR 1982

	High	Low	High	Low
Govt. Secs.	69.95	61.89	127.4	40.18
Fixed Int.	69.97	61.89	127.4	40.18
Ind. Ord.	590.9	518.1	597.3	49.4
Gold Mines	302.0	209.2	258.9	171.7

ACTIVE STOCKS

Stock	Day's closing price	Day's change	Stock	Day's closing price	Day's change
BAT Inds	234	+6	Heath (C. E.)	345	+18
BP	320	+6	Johnson Gp	224	+27
Electro-Protective	86	+2	Minst	156	+12
Glaxo	690	+23	Trident TV A	77	+5
Grand Metropolitan	225	+5	Ultramar	77	+5
Grindlays	230	+5	Waters	61	+5

THURSDAY'S ACTIVE STOCKS

Stock	Thurs. closing price	Thurs. change	Stock	Thurs. closing price	Thurs. change
BAT Inds	234	+6	Heath (C. E.)	345	+18
BP	320	+6	Johnson Gp	224	+27
Electro-Protective	86	+2	Minst	156	+12
Glaxo	690	+23	Trident TV A	77	+5
Grand Metropolitan	225	+5	Ultramar	77	+5
Grindlays	230	+5	Waters	61	+5

5-DAY ACTIVE STOCKS

Stock	Thurs. closing price	Thurs. change	Stock	Thurs. closing price	Thurs. change
BAT Inds	234	+6	Heath (C. E.)	345	+18
BP	320	+6	Johnson Gp	224	+27
Electro-Protective	86	+2	Minst	156	+12
Glaxo	690	+23	Trident TV A	77	+5
Grand Metropolitan	225	+5	Ultramar	77	+5
Grindlays	230	+5	Waters	61	+5

LONDON TRADED OPTIONS

LONDON TRADED OPTIONS							
May 14. Total Contracts 1,889 Calls 1,279, Puts 610							
	Ex'trice	Closing		Closing			Equi
Option	price	offer	Vol.	offer	Vol.	Closing offer	ty
	260	70	10	78	20	—	330p
	280	50	10	58	25	—	"
	300	14	17	22	25	32	"
	320	10	10	18	5	38	"
	330	23	10	15	2	36	"
	120	13	5	14	14	24	135p
	140	10	5	14	8	24	"
	160	2	5	8	20	19	"
	180	2	5	8	10	19	"
	200	37	5	47	—	57	377p
	220	25	5	37	—	54	34p
	240	10	10	19	—	38	"
	260	5	10	13	—	32	"
	280	7	10	8	1	28	"
	300	40	11	102	—	127	897p
	320	37	26	10	—	125	"
	340	4	6	10	—	18	"
	360	11	10	16	—	32	"
	380	20	10	20	—	45	10
	400	64	10	50	—	—	221p
	420	23	145	30	10	35	"
	440	11	15	8	6	21	5
	460	10	10	5	10	10	10
	480	3	241	18	29	20	6
	500	48	7	18	29	20	6
	520	11	1	—	—	—	330p
	540	32	1	40	—	50	"
	560	19	2	22	5	32	5
	580	16	—	22	10	36	"
	600	44	—	26	—	46	"
	620	10	21	23	7	28	2285p
	640	11	20	23	1	17	163p
	660	36	—	29	10	32	"
	680	14	9	29	29	32	4
	700	10	9	28	1	17	420p
	720	100	10	108	1	—	"
	740	24	10	56	—	63	"
	760	3	20	34	—	43	"
			August		November		February
	460	17	1	22	—	27	463p
	480	15	1	16	—	27	97p
	500	6	236	104	104	13	"
	520	2	10	4	100	10	"
	540	20	10	10	10	10	"
	560	40	11	54	—	75	344p
	580	22	18	40	—	57	"
	600	7	10	—	—	—	"
	620	7	10	—	—	—	"
	640	10	8	32	—	57	"
	660	11	12	4	32	57	6
	680	19	12	4	2	51	16
	700	15	12	4	2	51	"
	720	6	11	25	—	15	"
	740	10	8	25	—	15	150p
	760	11	25	15	—	22	6
	780	10	35	15	—	—	"
	800	50	6	67	—	80	420p
	820	30	27	47	—	50	"
	840	20	1	20	—	50	"
	860	2	2	30	—	35	"
	880	25	2	27	—	28	"
	900	55	10	61	—	57	454p
	920	16	3	50	—	2	"
	940	16	16	30	2	40	"
	960	14	10	25	20	38	"
	980	14	5	25	20	38	"
	1000	5	60	—	—	—	"
	460	47	5	60	—	—	"
	500	8	13	2	—	—	"
	540	21	2	6	1	8	547p
	580	2	—	10	1	10	"
	620	2	—	7	2	9	"
	660	2	—	10	—	—	"
	700	2	—	10	—	—	"
	740	2	—	10	—	—	"
	780	2	—	10	—	—	"
	820	2	—	10	—	—	"
	860	2	—	10	—	—	"
	900	2	—	10	—	—	"
	940	2	—	10	—	—	"
	980	2	—	10	—	—	"
	1020	2	—	10	—	—	"
	1060	2	—	10	—	—	"
	1100	2	—	10	—	—	"
	1140	2	—	10	—	—	"
	1180	2	—	10	—	—	"
	1220	2	—	10	—	—	"
	1260	2	—	10	—	—	"
	1300	2	—	10	—	—	"
	1340	2	—	10	—	—	"
	1380	2	—	10	—	—	"
	1420	2	—	10	—	—	"
	1460	2	—	10	—	—	"
	1500	2	—	10	—	—	"
	1540	2	—	10	—	—	"
	1580	2	—	10	—	—	"
	1620	2	—	10	—	—	"
	1660	2	—	10	—	—	"
	1700	2	—	10	—	—	"
	1740	2	—	10	—	—	"
	1780	2	—	10	—	—	"
	1820	2	—	10	—	—	"
	1860	2	—	10	—	—	"
	1900	2	—	10	—	—	"
	1940	2	—	10	—	—	"
	1980	2	—	10	—	—	"
	2020	2	—	10	—	—	"
	2060	2	—	10	—	—	"
	2100	2	—	10	—	—	"
	2140	2	—	10	—	—	"
	2180	2	—	10	—	—	"
	2220	2	—	10	—	—	"
	2260	2	—	10	—	—	"
	2300	2	—	10	—	—	"
	2340	2	—	10	—	—	"
	2380	2	—	10	—	—	"
	2420	2	—	10	—	—	"
	2460	2	—	10	—	—	"
	2500	2	—	10	—	—	"
	2540	2	—	10	—	—	"
	2580	2	—	10	—	—	"
	2620	2	—	10	—	—	"
	2660	2	—	10	—	—	"
	2700	2	—	10	—	—	"
	2740	2	—	10	—	—	"
	2780	2	—	10	—	—	"
	2820	2	—	10	—	—	"
	2860	2	—	10	—	—	"
	2900	2	—	10	—	—	"
	2940	2	—	10	—	—	"
	2980	2	—	10	—	—	"
	3020	2	—	10	—	—	"
	3060	2	—	10	—	—	"
	3100	2	—	10	—	—	"
	3140	2	—	10	—	—	"
	3180	2	—	10	—	—	"
	3220	2	—	10	—	—	"
	3260	2	—	10	—	—	"
	3300	2	—	10	—	—	"
	3340	2	—	10	—	—	"
	3380	2	—	10	—	—	"
	3420	2	—	10	—	—	"
	3460	2	—	10	—	—	"
	3500	2	—	10	—	—	"
	3540	2	—	10	—	—	"
	3580	2	—	10	—	—	"
	3620	2	—	10	—	—	"
	3660	2	—	10	—	—	"
	3700	2	—	10	—	—	"
	3740	2	—	10	—	—	"
	3780	2	—	10	—	—	"
	3820	2	—	10	—	—	"
	3860	2	—	10	—	—	"
	3900	2	—	10	—	—	"
	3940	2	—	10	—	—	"
	3980	2	—	10	—	—	"
	4020	2	—	10	—	—	"
	4060	2	—	10	—	—	"
	4100	2	—	10	—	—	"
	4140	2	—	10	—	—	"
	4180	2	—	10	—	—	"
	4220	2	—	10	—	—	"
	4260	2	—	10	—	—	"
	4300	2	—	10	—	—	"
	4340	2	—	10	—	—	"
	4380	2	—	10	—	—	"
	4420	2	—	10	—	—	"
	4460	2	—	10	—	—	"
	4500	2	—	10	—	—	"
	4540	2	—	10	—	—	"
	4580	2	—	10	—	—	"
	4620	2	—	10	—	—	"
	4660	2	—	10	—	—	"
	4700	2	—	10	—	—	"
	4740	2	—	10	—	—	"
	4780	2	—	10	—	—	"
	4820	2	—	10	—	—	"
	4860	2	—	10	—	—	"
	4900	2	—	10	—	—	"
	4940	2	—	10	—	—	"
	4980	2	—	10	—	—	"
	5020	2	—	10	—	—	"
	5060	2	—	10	—	—	"
	5100	2	—	10	—	—	"
	5140	2	—	10	—	—	"
	5180	2	—	10	—	—	"
	5220	2	—	10	—	—	"
	5260	2	—	10	—	—	"
	5300	2	—	10	—	—	"
	5340	2	—	10	—	—	"
	5380	2	—	10	—	—	"
	5420	2	—	10	—	—	"
	5460	2	—	10	—	—	"
	5500	2	—	10	—	—	"
	5540	2	—	10	—	—	"
	5580	2	—	10	—	—	"
	5620	2	—	10	—	—	"
	5660	2	—	10	—	—	"
	5700	2	—	10	—	—	"
	5740	2	—	10	—	—	"
	5780	2	—	10	—	—	"
	5820	2	—	10	—	—	"
	5860	2	—	10	—	—	"
	5900	2	—	10	—	—	"
	5940	2	—	10	—	—	"
	5980	2	—	10	—	—	"
	6020	2	—	10	—	—	"
	6060	2	—	10	—	—	"
	6100	2	—	10	—	—	"
	6140	2	—	10	—	—	"
	6180	2	—	10	—	—	"
	6220	2	—	10	—	—	"
	6260	2	—	10	—	—	"
	6300	2	—	10	—	—	"
	6340	2	—	10	—	—	"
	6380	2	—	10	—	—	"
	6420	2	—	10	—	—	"
	6460	2	—	10	—	—	"
	6500	2	—	10	—	—	"
	6540	2	—	10	—	—	"
	6580	2	—	10	—	—	"
	6620	2	—	10	—	—	"
	6660	2	—	10	—	—	"
	6700	2	—	10	—	—	"
	6740	2	—	10	—	—	"
	6780	2	—	10	—		

INSURANCE & OVERSEAS MANAGED FUNDS

31-45, Greenwich Street, EC2V 7LH. 01-600
Rest. Fd. Int. May 4 1987 57.26 15.00
Next mailing date June 1 *later

RBC Investment Managers Limited
RBC Inv. 24%, St. Peter Port, Guernsey 0481-2
Int. Income Fd. 1988 9.48
Int. Capital Fd. 1989 29 11.14 0.10
North America Fd. 1986 4.99

Raminco Managers Ltd.
P.O. Bx 1549 Hmfr, Bermuda. (809-291) 2
RAMINCO May 4 1986 9.13

Richmond Life Ass. Ltd.
41331 Street, Quebec, I.O.M. 0624 2

[illegible][illegible]

2.78	D Martini	10.00	-	-	-
	E Starling	5.56	-	-	-
	Dunkin' Donuts				
	St. Patrick's	115.82	155.44	+39.62	
	Yankee	10	12	2	
	May 13 (Weekly salaries) 23.54				
6.90	Proctor Mngt. Services (Jersey) Inc.				0.594
	P.O. Box 195, St. Heller, Jersey				
	Starling Money Pay	512.308	12.3438		
	Mon. extension pay May 19.				
3.44	J. Henry Schroter Wagg & Co. Lb.				01.388
	1200, Chesapeake, E22				
	Am. In. Tel. May 12	501.00			+0.01
	Starling Money 12	513.86	27.25		
	Starling Money 12	513.86			
	Dorling Fin. May 30	50.75			
3.74	Starling Money 12	50.75	10.75		
3.44	Tridinger Pay April 30	503.71			

[illegible][illegible]

2.28	P.O. Box 315, St. Jersey	0534
	Commodity Trust	(129.91 135.68)
1.00	Surinvest (Jersey) Ltd.	0534
2.29	4, Hill St., Douglas, Isle of Man	
	Copper Trust	(122.07 127.71)
	TSB Trust Funds (C.L.)	
	10 Waver St., St. Helier, Jersey (C.L.)	0534
	TSB Gld Fund Ltd.	93.0
	TSB Gld Fund Ltd.	93.0
	TSB Gld Fund Ltd.	93.0
	TSB Gld Fund Ltd.	93.0
	TSB Gld Fund Ltd.	93.0
	Prices on 12 Nov 84 sat day	
1.00		
14.00		
14.00		
27.00		
	Tokyo Pacific Holdings N.V.	
	Indico Management Co. N.V., Curacao	
	NAV per share May 10 \$94.62	

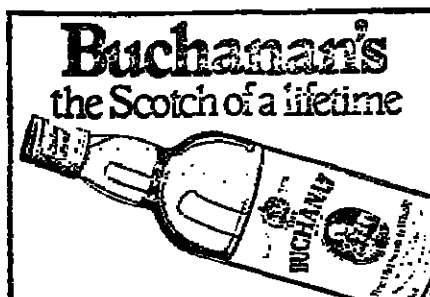
2.68	Tokyo Pacific Mills (Seasonal)		
13.61	Int'l Marine Management S.V. Co.		
	NAV per share May 12 \$51.75		
	Tyndall Group		
3.40	2 New St., St. Helier, Jersey	0594	
7.50	TOPSL May 15	11.66	17.50
	(Accum. shares)	12.22	18.00
	Amerrima May 15	12.22	19.25
	(Accum. shares)	12.22	19.25
	For Int'l May 13	12.22	19.25
	(Accum. shares)	12.22	19.25
	Jersey May 13	12.22	19.25
	(Accum. shares)	12.22	19.25
	Cal Fd. May 12	12.22	19.25
	(Accum. shares)	12.22	19.25
	Gift Fd. May 12	12.22	19.25
	(Accum. shares)	12.22	19.25
	Vali May 12	12.22	19.25
	High Inc. Gift May 12	12.22	19.25
	(Accum. shares)	12.22	19.25
	Revised May 21	12.22	19.25
25.658	Equity April 22	12.22	19.25
	Fixed Interest May 21	12.22	19.25
	Property April 22	12.22	19.25

[illegible][illegible]

	Merc. Trans. May 7	\$13.51	\$16.89
C1	Wendley Investment Services Ltd.		
	44 Floor Hutchison House, Hong Kong		
	Wendley Mideco A/c	29.70	
	Wendley Mideco B/c	40.70	
	Wendley Bond Trust	40.70	
	Wendley Japan Trust	32.54	36.70
y) 73742	World Wide Growth Management		
	10A, Boulevard Royal, Luxembourg		
	Worthington Gdn	\$12.57	-1.63
	In Ark. M & C Inc., New York, L.I.		
26742	Wren Concessions Management Ltd.		
	10 St. George's St., Dorchester		05.65
	Wren Comp	39.2	
	Cabene Fund	75.8	48.9
	Precision Metals Fund	175.0	207
	Vanguard Corp	50	52
	Financial Futures Fd	100.0	100
	Fund	100.0	100

NOTES

Prices are in pence unless otherwise indicated. Those designated *S with no prefix refer to dollars. Viable *S (lowest in parentheses) are buying equivalents. @ Offered price. @ Yield based on price. % Settlement. % Today's opening price. % Distribution free of UK taxes. % Premium insurance plan. % Single. % Insurance @ Offered price. Includes all of agent's commission. % Offered price. All expenses if bought through member. % Day's price. % Germany tax. % Swiss. % Yield before Jersey tax. % Ex-asset. ** Only available to UK resident investors.



FT SHARE INFORMATION SERVICE

FOOD, GROCERIES—Cont.

Stock	Price	%	Stock	Price	%
Anchor	10.50	+1.0	Wm. Watson	1.10	+1.0
Armstrong	1.10	+1.0	Wm. Watson	1.10	+1.0
Asda	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0

HOTELS AND CATERERS

Stock	Price	%	Stock	Price	%
Anchor	10.50	+1.0	Wm. Watson	1.10	+1.0
Armstrong	1.10	+1.0	Wm. Watson	1.10	+1.0
Asda	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0

INDUSTRIALS (Miscel.)

Stock	Price	%	Stock	Price	%
Anchor	10.50	+1.0	Wm. Watson	1.10	+1.0
Armstrong	1.10	+1.0	Wm. Watson	1.10	+1.0
Asda	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0

ENGINEERING—Continued

Stock	Price	%	Stock	Price	%
Anchor	10.50	+1.0	Wm. Watson	1.10	+1.0
Armstrong	1.10	+1.0	Wm. Watson	1.10	+1.0
Asda	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0

CHEMICALS, PLASTICS—Cont.

Stock	Price	%	Stock	Price	%
Anchor	10.50	+1.0	Wm. Watson	1.10	+1.0
Armstrong	1.10	+1.0	Wm. Watson	1.10	+1.0
Asda	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0

BANKS & H.P.—Cont.

Stock	Price	%	Stock	Price	%
Anchor	10.50	+1.0	Wm. Watson	1.10	+1.0
Armstrong	1.10	+1.0	Wm. Watson	1.10	+1.0
Asda	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0

LOANS—Continued

Stock	Price	%	Stock	Price	%
Anchor	10.50	+1.0	Wm. Watson	1.10	+1.0
Armstrong	1.10	+1.0	Wm. Watson	1.10	+1.0
Asda	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0

DRAPERY AND STORES

Stock	Price	%	Stock	Price	%
Anchor	10.50	+1.0	Wm. Watson	1.10	+1.0
Armstrong	1.10	+1.0	Wm. Watson	1.10	+1.0
Asda	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0

BEERS, WINES AND SPIRITS

Stock	Price	%	Stock	Price	%
Anchor	10.50	+1.0	Wm. Watson	1.10	+1.0
Armstrong	1.10	+1.0	Wm. Watson	1.10	+1.0
Asda	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0

BUILDING INDUSTRY, TIMBER AND ROADS

Stock	Price	%	Stock	Price	%
Anchor	10.50	+1.0	Wm. Watson	1.10	+1.0
Armstrong	1.10	+1.0	Wm. Watson	1.10	+1.0
Asda	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0

AMERICANS

Stock	Price	%	Stock	Price	%
Anchor	10.50	+1.0	Wm. Watson	1.10	+1.0
Armstrong	1.10	+1.0	Wm. Watson	1.10	+1.0
Asda	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0

CANADIANS

Stock	Price	%	Stock	Price	%
Anchor	10.50	+1.0	Wm. Watson	1.10	+1.0
Armstrong	1.10	+1.0	Wm. Watson	1.10	+1.0
Asda	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0

COMMONWEALTH AND AFRICAN LOANS

Stock	Price	%	Stock	Price	%
Anchor	10.50	+1.0	Wm. Watson	1.10	+1.0
Armstrong	1.10	+1.0	Wm. Watson	1.10	+1.0
Asda	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0

CORPORATION LOANS

Stock	Price	%	Stock	Price	%
Anchor	10.50	+1.0	Wm. Watson	1.10	+1.0
Armstrong	1.10	+1.0	Wm. Watson	1.10	+1.0
Asda	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0

GOVT. STERLING ISSUES

Stock	Price	%	Stock	Price	%
Anchor	10.50	+1.0	Wm. Watson	1.10	+1.0
Armstrong	1.10	+1.0	Wm. Watson	1.10	+1.0
Asda	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0

LOANS

Stock	Price	%	Stock	Price	%
Anchor	10.50	+1.0	Wm. Watson	1.10	+1.0
Armstrong	1.10	+1.0	Wm. Watson	1.10	+1.0
Asda	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0

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 Mr J. C. T. DALTON, Director
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1 Wilton Road, London SW1V 1LL Telephone: 01-828 937

 Name.....
Address.....
Age..... (Self)
Age..... (Wife)

FT 150582

Not applicable to Eire

ENGINEERING TOOLS

Stock	Price	%	Stock	Price	%
Anchor	10.50	+1.0	Wm. Watson	1.10	+1.0
Armstrong	1.10	+1.0	Wm. Watson	1.10	+1.0
Asda	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0
Baker	1.10	+1.0	Wm. Watson	1.10	+1.0

FOOD, GROCERIES, ETC.

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MAN IN THE NEWS

Balancing act at the BBC

BY CHRIS DUNKLEY

THIS WEEK Alasdair Milne was blooded with exceptional vigour in his capacity as Director-General of the BBC. He and the corporation's chairman, George Howard, faced the Tory backbenchers' Media Committee to hear of their fury over the BBC's Falklands coverage, especially Monday's Panorama, which gave a platform to dissenting voices.

Ironically Milne does not succeed Sir Ian Trethowan as DG until August, but he explained "I'm in America, so I'm running the BBC." Hence his appearance before the committee, an experience he clearly found startling and distasteful. "The first time I spoke they barked 'Can't hear you!' so I said 'I'd speak up'. Then they shouted 'Still can't hear you. Stand up!' It was like being in Star Chamber. When they got really angry they started waving their order papers and growling like dogs." He grins, rueful at the memory but pleased with his simile.



Alasdair Milne

If politicians expected an apology they misjudged their man.

If the politicians expected their treatment to elicit an apology they misjudged their man. A combative Scot who doesn't suffer fools gladly, ex Winchester (he was head boy) and Oxford, Milne was one of the two from a thousand applicants to be selected as BBC "General Trainee" in 1954, and apart from the couple of renegade years in commercial broadcasting which seem almost mandatory for those seeking high office in the corporation, he has been there throughout his career. Were you limited now to one word to describe not only his feelings about BBC programmes but virtually about life in general "unapologetic" could serve.

Not that he is a publish-and-be-damned libertarian. Milne was personally responsible for preventing transmission of the plays *Scum* and *Brimstone and Treacle*. And when, as Director of Programmes, he was asked to censor *Casanova* 73 off the screen, he remarked: "There are moments when it's a positive pleasure to have this job and be able to take programmes like that off."

On the other hand, as a "child of Grace"—one of the bright young men who staffed Grace Wyndham Goldie's legendary current affairs department in the 1960s—he had earlier been made editor of *Tonight* and thus taken responsibility for driving *That Was The Week That Was* through the satire storms.

Now as then his predilection is for current affairs and while he will admit to occasional errors in detail within the BBC's Falklands coverage, such as Peter Snow's words "If we are to believe the British..." he is insistent that as a whole the BBC has "done a very decent job."

He rejects the notion of British military theorists revealing anything useful to the enemy via television programmes ("Argentine intelligence just isn't that defective"), accepts that in wartime the BBC may have to seek balance inside individual programmes. Instead of counterbalancing programmes one against another, and flatly denies accusations that the BBC is "aloof" or "loftily neutral."

His reaction to the "baying" of some MPs verges on the contemptuous. He is deeply worried if he believed the majority of viewers felt that the BBC had got it wrong. "Normally people only contact you to complain, very rarely to praise. The night after the Media Committee row we had 351 against us but 200 ringing in support. That's most unusual."

Far from his bloody initiation putting him off the job, Milne seems to relish the prospect more than ever.

FINANCIAL TIMES

Saturday May 15 1982

HULL

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Howe denies taxes hinder North Sea oil exploration

BY RAY DAFTER, ENERGY EDITOR

SIR GEOFFREY HOWE, Chancellor of the Exchequer, yesterday hit back at oil industry critics who have complained that high taxes are hindering the development of North Sea oilfields.

He said that contrary to claims by the industry tax had not been the determining factor behind the postponement of several field development projects, each of which would entail investments of millions of pounds.

It was the "enormous" uncertainty about future oil prices that was making North Sea development unattractive, Sir Geoffrey told members of the Dundee and Tayside Chamber of Commerce.

Oil companies have complained that tax changes proposed in the March Budget were insufficient to make the development of small and medium-sized

fields economically attractive. But the Chancellor disclosed that he had looked carefully at the profitability of new developments under a variety of different assumptions on price levels and costs. The possibility of even lower prices had been considered.

"On these figures, I do not believe tax is making North Sea development unattractive," said Sir Geoffrey. "There are still attractive prospects."

He pointed out that he had proposed a small reduction in the total level of tax. A bigger cut, requested by the industry, would not have been justified. "Nor would it have led to a significantly higher level of development."

Sir Geoffrey also said that it was still the Government's intention to sell 51 per cent of the shares in British National Oil Corporation's exploration

and production business "before the end of the year." The sale would go ahead "provided market conditions are right."

BNOC is working on the assumption that the sale could raise about £750m for the Exchequer. It is expected that investors will be given the option to defer part of the payment for shares until next year.

Sir Geoffrey said there were signs that the private industrial sector had started to move forward. The economy had started to grow again.

"This is not the hot-house product of government intervention to pump money demand into the economy," he said. "This is the result of increased output and improved performance in the private sector. The signs are encouraging."

BP pulls out of Finland, Page 2

U.S. inflation may remain low while output continues to fall

BY ANATOLE KALETSKY IN WASHINGTON

THE U.S. economy continued to decline last month. The depressed level of activity, however, may succeed for some time in keeping inflation down to a negligible level.

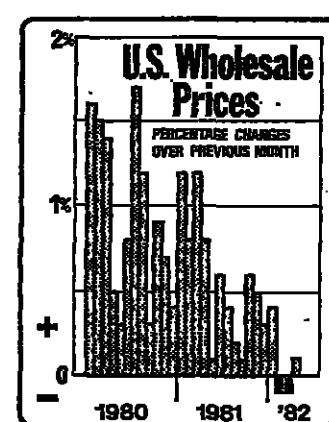
These were the implications of statistics on industrial production and wholesale prices for April published yesterday by the Federal Reserve Board and the Commerce Department.

Industrial production fell by 0.6 per cent following 0.8 per cent reduction in March, while wholesale prices increased by 0.1 per cent, after two successive months of decline at the same 0.1 per cent rate.

The fall in production leaves industrial output 8.6 per cent below its July level, when the recession began. It was a little worse than expected by economists, who have been forecasting an early end to the recession.

The April decline was, however, the largest in the year apart from a statistically anomalous increase of 1.4 per cent recorded in February.

Mr Alan Greenspan, a leading



economic forecaster, said yesterday it suggested the economy was no longer deteriorating, although it provided no evidence of an upturn or of strong recovery, as predicted by the Administration, later in the year.

The extremely small increase in wholesale prices continues a run of excellent news on inflation which began this

winter. The more closely watched Consumer Price Index fell by 0.3 per cent in March and because trends in wholesale prices normally take several months to work through to retail prices, the good news on April's wholesale prices suggests that retail inflation will remain low for some time to come.

Several economists predicted yesterday that retail inflation for 1982 as a whole may turn out to be less than 8 per cent. This was, until recently, the Administration's most optimistic projection and compares with 8.9 per cent inflation in 1981.

The run of negative or near-zero monthly inflation figures, however, may be ending. The April index was brought down by a 5.2 per cent fall in its energy components following the recent fall in world oil prices. The index for finished consumer goods other than food and energy rose by 0.6 per cent.

Laser weapons 'by the 1990s'

BY DAVID FISHLOCK, SCIENCE EDITOR

LASER BEAM weapons capable of destroying nuclear warheads while they are still above the earth's atmosphere, 60 miles or more high, may be in operation by the early 1990s.

The International Institute for Strategic Studies in London says in its latest annual strategic survey that optimistic estimates suggest laser weapons would be operational in 10 to 15 years and particle-beam weapons in 20 years. They would form part of an anti-ballistic missile (ABM) defence system.

"However, these development times might be shortened if a crash programme were deemed desirable," the institute says.

It notes that the Soviet Union is also at the forefront of beam-weapon technology but is "undoubtedly faced with the very real engineering problems that must be resolved before any operational weapon can be achieved."

The logic of beam weapons lies in their potential speed and accuracy compared with projectiles.

Provided enough energy can be pumped into the target, along a beam travelling at or near the speed of light, such weapons could intercept nuclear-armed re-entry vehicles outside the earth's atmosphere, at heights above 300,000 ft. The idea would be to melt or crack open the spacecraft with a bolt of energy.

The latest thinking about ABM defences seeks ways of destroying as many re-entry vehicles as possible above the atmosphere, greatly reducing the problem of intercepting missiles which survive re-entry.

Beams of atomic particles, whether electrically charged or uncharged, tend to "bloom" or lose their intensity and focus in the vacuum of outer space. Laser beams, on the other hand, tend to bloom in the atmosphere.

The answer may lie in a weapon system which drills a "hole" to the target with a laser beam, then fires a lethal particle beam through the hole, the institute suggests.

But it foresees "major problems" in designing power systems for the immense energy demands of speed-of-light weapons, as well as in the miniaturisation of the beam-making equipment (earthbound atom-smashers are enormous machines), and in beam pointing, tracking and attack assessment.

The U.S. is developing charged-particle beam weapons at its Lawrence Livermore Laboratory, under the Chair Heritage programme, and neutral particle beam weapons under the White Horse programme at Los Alamos Laboratory.

USS Strategic Survey 1981-82, 23, Paristock Street, London, WC2E 7NQ, £4.50.

Continued from Page 1

Nott pledge on islands

concerned about unemployment but one or two proclaiming pro-Argentine sympathies—and into the conference to the doves in the inner cabinet—Mr Francis Pym, the Foreign Secretary, and Mr William Whitelaw, Home Secretary—are preparing to make unacceptable concessions to the Argentines.

At the same time, Whitehall is anxious to dispel talk of the apparently widening rift between the doves and the inner cabinet hawks—the Prime Minister, Mr Nott, and Mr Cecil

Parkinson, chairman of the Conservative Party—and yesterday was insisting that any differences centred on tactics, not strategy or policy.

Mr Pym said in London last night: "I wouldn't wish to be optimistic but on the other hand there is still hope." In an interview for French television, he also commented: "The negotiations are fairly sharp at the moment because (Sr Perez de Cuellar) sees each side every day."

Continued from Page 1

Invasion option studied

porters, despite at least three British bombing raids. These attacks have also apparently not succeeded in destroying Argentine radar on the Falklands. It is understood that these installations were instrumental earlier this week in guiding the Argentine Skyhawk fighters to attack two British warships—with the loss of three Skyhawks and some damage to one of the British vessels.

Two key problems will continue to worry British defence chiefs, whatever military option is chosen. Despite the success of the Sea

Wolf missiles against the Skyhawks, the task force is still far from having superiority in Falklands airspace. There is concern too at the reported presence of one Argentine German-built submarine in Falkland waters and another older but longer-range vessel said to be tracking the long supply line of ships stretching back to Ascension islands.

However, British sources claim that the rest of the Argentine fleet, including the sole aircraft carrier, is within the 12-mile Argentine coastal waters.

Whether or not an invasion is ordered could depend partly on the nature of the breakdown of the UN's diplomatic initiative, if or when it comes. There is strong pressure for an invasion from sections of the Conservative Party, and it is believed from some parts of the military establishment.

But the Government will be concerned this weekend that if Britain does not appear to have made every effort to reach a settlement, and if failure can be laid at Britain's door, an invasion of the islands could produce a rapid erosion in international support for Britain.

Jetsave offered for sale at £3.5m

By Arthur Sandles

JETSAVE, the transatlantic travel subsidiary of Associated Communications, is to be offered for sale to the highest bidder. The initial price tag is £3.5m.

Next week, Mr Reg Pycroft, Jetsave's founder and managing director, will ask the ACC board to free him from any contractual obligations to Jetsave so that he can be a bidder from the outside.

Mr Pycroft, who has a 15 per cent stake in Jetsave, has been trying to buy back the company he sold to ACC in May 1980. So far he has offered £2m, only two-thirds of what he sold it for, he said. "I am seeking to be released from employment with the company."

Rival operation

The contract has another year to run and even after that he would not be allowed to start a rival operation. But, he says, "I do not intend leaving the stage."

It had been believed in the travel industry that Mr Pycroft's efforts to buy back Jetsave would be successful once the ACC group emerged from its takeover battles.

However, the collapse of first Laker and then Braniff has greatly increased the value of remaining operators like Jetsave in some eyes.

When ACC bought Jetsave it was assumed that the enterprising group would pump money into its new subsidiary and aid its expansion in areas other than transatlantic charter flights where it is the market leader. Instead, Jetsave quickly became a source of profits and cash flow for the group.

Successful

Jetsave has been remarkably successful in its field, carrying more than 100,000 people a year to the U.S. and Canada, most of them on British Airways. So effective has this relationship with BA been that rival TWA has signed a similar deal with U.S.-based Travellers for the marketing of low cost seats.

The final move that made Mr Pycroft seek release from his contract was the open bidding policy adopted by ACC. He said he wanted to make it clear that he would not be part of any sale deal that might be done.

Weather

UK TODAY

Sunny periods with some outbreaks of rain later. Warm to very warm.

London, SE, NW, Central England, Midlands, Channel Islands, Lake District, SW, NW Scotland Central Highlands

Sunny, some showers later. Max. 23C (73F).

SW England, Wales, Isle of Man, N. Ireland

Sunny periods. Outbreaks of rain. Max. 18C (64F).

N.E. England, Borders, N.E. Scotland, Orkney, Shetland

Sunny periods, later but cooler with fog on the coast. Max. 17C (63F).

Outlook: Unsettled, becoming cooler.

WORLDWIDE

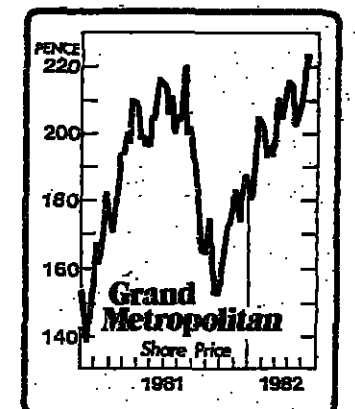
WORLDWIDE					
	Y'day	Today	Y'day	Today	
	°C	°F	°C	°F	
Algeria	18	64	L. Ang-t.	21	70
Amsterdam	12	54	Luxor	16	61
Antwerp	12	54	Madras	22	72
Bahia	21	70	Manila	22	72
Barcelona	19	66	Medan	22	72
Belfast	12	54	Melbourne	20	68
Bombay	21	70	Moscow	10	50
Buenos Aires	18	64	Munich	12	54
Calcutta	21	70	N. York	22	72
Canton	18	64	Paris	12	54
Cebu	21	70	Rangoon	22	72
Colon	21	70	Reykjavik	12	54
Copenhagen	12	54	Rome	12	54
Dakar	18	64	Singapore	22	72
Dhaka	21	70	Sourabaya	21	70
Edinburgh	12	54	Taipei	12	54
Hankow	18	64	Tokyo	12	54
Hong Kong	21	70	Winnipeg	12	54
Kobe	18	64	Zurich	12	54
London	12	54			
Lyons	12	54			
Manila	21	70			
Medan	21	70			
Melbourne	20	68			
Moscow	10	50			
Munich	12	54			
N. York	22	72			
Paris	12	54			
Rangoon	22	72			
Reykjavik	12	54			
Rome	12	54			
Singapore	22	72			
Sourabaya	21	70			
Taipei	12	54			
Tokyo	12	54			
Winnipeg	12	54			
Zurich	12	54			

C-Cloudy, F-Fair, Fg-Fog, H-Hail, R-Rain, S-Sunny, St-Storm, S-Snow, T-Thunder, 1 Noon GMT temperatures.

THE LEX COLUMN

Quiet assault on the 600 level

Index rose 5.4 to 590.6



The equity market has this week been testing the highs touched just over a year ago at the end of April 1981 but though the share prices may be similar the mood has been very different. In the spring of 1981 the FT 30-Share Index soared towards the 600 level on a speculative bubble of activity; this time it has been quietly edging ahead against the sombre backdrop of threatened warfare in the South Atlantic.

A late bounce in the leaders last night took the 30-Share Index back above 590, and although it is still nearly seven points short of the all-time peak reached on April 30 last year, it has attained the fourth highest closing level ever seen.

Meanwhile the more broadly based FT-Actuaries All-Share Index, despite missing some of the benefit of last night's after hours buying for the new Stock Exchange account, is poised within 0.5 per cent of its own all-time high (which in this case was attained last August). In fact, last Monday the All-Share came within 0.08 of a point of its record level of 338.84.

Unusually, the All-Share has underperformed the 30-Share by nearly 4 per cent since last August—a reflection of the relative strength of industrials, and the relative weakness of the oil and financial sectors.

But the current strength of the indices is marked by a general lack of excitement, as shown in the activity statistics. In late April 1981 equity turnover was often well over £200m a day, with sometimes 25,000 individual bargains. This week turnover has been bobbing along nearer £150m, with some 15,000 daily bargains.

It looks as though the private investor is playing a cautious game in conditions of political uncertainty, but that the big institutions are forced to keep nibbling at shares because of the pressure of continual cash inflows. Meanwhile the new issues which might have absorbed this money are mostly being deferred—though this week's underwriting of the £100m-plus Arzyle Foods share issue showed that the money is there for those that want it.

Grand Metropolitan

Grand Metropolitan continues to delight its enthusiasts. In the face of miserable winter weather and a soaring interest bill, the group has reported a 10 per cent rise in pre-tax

profits, to £74.8m, for the six months to March.

Exchange rates can admittedly claim some of the credit. The trading contribution of Liggett, has jumped by over a third to £42.2m. In dollar terms, the rise would be perhaps 8 per cent. Some of this advantage is eroded by the higher sterling cost of foreign currency borrowing, but the predominant reason for the sharply higher interest charge is Inter-Continental Hotels. Grand Met is still far from covering the funding costs of that acquisition.

After adding in the cost of ICH's own debt, the company failed to cover gross financing costs by a margin of around £15m in the first half and, despite some slight seasonality in ICH's business, the position is unlikely to change much in the current six months.

But Grand Met is defiantly confident about the long term prospects, believing that its existing portfolio of hotels will benefit from ICH's marketing experience and that investment of capital in the company will produce returns. It can point to the spirits and wines division as an encouraging precedent.

Profits continue to motor ahead, following a long and costly brand development programme, and the Liggett acquisition has greatly improved the division's U.S. marketing performance. But any pay-off from ICH is still some way away and, in the meantime, the UK interests are not generating enough cash to make much impact on a £850m debt load. Brewing is well ahead due to cost measures and the rigorous maintenance of margins. But the bulk of the

productivity improvement is now out of the way and beer volume is still heading down.

The group will presumably continue to sell off British hotels (disposals will bring in about £50m during the second half). Yet Grand Met will almost certainly need to supplement this programme with a modest rights issue. After the recent rally of the share price—they added another 5p to 223p yesterday—the prospective yield is not much above 5 per cent. So the time may almost be ripe.

Building Socs.

April seems to have been a more expansive month for the Building Societies, restoring their competitive position both as borrowers and as lenders. Aided by the disappearance of the highly competitive 23rd issue savings certificate after the Budget, the societies were able to attract net receipts in April of £497m, almost two-thirds higher than in March.

At the same time gross mortgage advances of £1.2bn—within a whisker of the record set last July—suggest that the clearing banks may temporarily have lost their initiative in the mortgage market. The societies believe that the banks' market share is now running at something like 20 per cent, roughly half the share of advances they achieved in the final quarter of 1981.

Not content to do battle on a single front, Barclays has decided to unseat the societies from their strange monopoly as dispensers of cash on Saturday. By opening on Saturday mornings, the theory goes, Barclays will be able to attract new current accounts in large numbers—presumably from those who at present run building society accounts instead. Just for the convenient access to cash at the weekend.

Barclays' primary motive is to build up additional current balances, which will doubtless continue to be non-interest bearing. But the competition for retail funds will inevitably extend into interest-bearing time-deposits, where it would be necessary to compete with the societies on price. On this broader front, the one area where the banks have a clear advantage—as providers of money transmission facilities—may not count for much, against better rates from the societies.

Sears Holdings

Results for the year ended 31st January, 1982

	1981/82	1980/81
	£m	£m
Turnover	1,491	1,384
Group profits before taxation	104.0	99.7
Taxation	(39.2)	(45.0)
Group profits after taxation	64.8	54.7
Extraordinary item	(20.9)	(2.9)
Dividend	(22.4)	(20.6)
Added to reserves	20.3	30.1

■ Turnover £1.5 billion, an increase of 7.7% over 1980/81.

■ Pre tax profits increased by 4.3% to £104m.

■ Dividend up from 2.3p to 2.5p per share; an increase of 8.7%.

■ Extraordinary item arises mainly from disposals of loss-making engineering businesses.

Copies of the 1981/82 Annual Report and Accounts will be available from 4th June, 1982 and may be obtained from The Secretary, Sears Holdings plc, 40 Duke Street, London W1A 2HP.

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